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ABSTRACT

Since the end of the Cold War, international relations has radically changed. The collapse of the Soviet Union took with it the East-West conflict that dominated world affairs for more than four decades. In its place, the North-South division has emerged as an important framework for reconceptualizing international relations. How the United States responds to the problems and challenges of the countries of the South will be a central question of U.S. foreign policy in the 21st century. This curriculum unit introduces students to the important issues on the U.S. policy agenda for the developing world. At the core of the unit is a framework of three distinct options for U.S. foreign aid policy. Within these options, students will evaluate the kinds of foreign aid, trade benefits, and other assistance the United States invests in other countries, including the prospects of exporting values such as democracy, free enterprise, and human rights. The student text summarizes critical issues of U.S. aid policy and examines four case studies that highlight some dilemmas and controversies of providing aid. The teacher resource book contains a day-by-day lesson plan (5- or 3-day) and student activities. (BT)

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Dilemmas in Foreign Aid: Debating U.S. Priorities, Policies, and Practices

Teacher's Resource Book [and Student Text]

Public Policy Debate in the Classroom

Choices for the 21st Century Education Program

A Program of the Thomas J. Watson Jr. Institute for International Studies

Brown University

SO 033 449

S. Graseck

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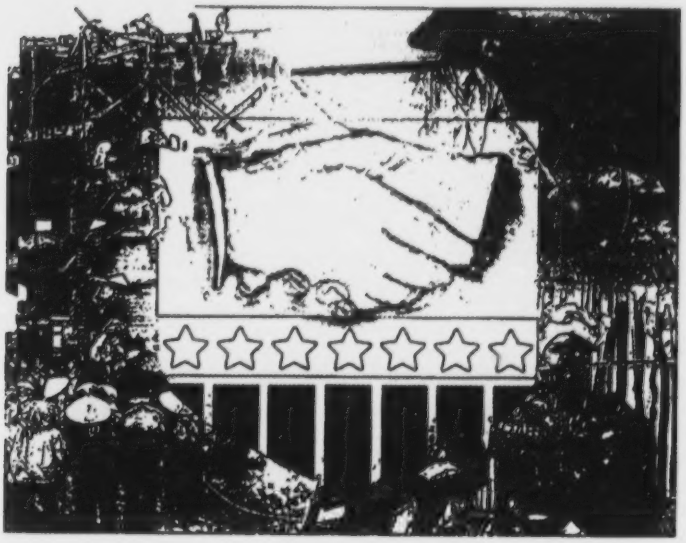
Teacher's Resource Book

Dilemmas in Foreign Aid: Debating U.S. Priorities, Policies, and Practices



PUBLIC POLICY DEBATE IN THE CLASSROOM

Choices for the 21st Century Education Program

A program of the Thomas J. Watson Jr.
Institute for International Studies

Brown University

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Dilemmas of Foreign Aid: Debating U.S. Policies, Priorities, and Practices is part of a continuing series on public policy issues. New units are published each academic year, and all units are updated regularly.

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CHOICES

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The Choices for the 21st Century Education Program develops curricula on current and historical international issues and offers workshops, institutes, and in-service programs for high school teachers. Course materials place special emphasis on the importance of educating students in their participatory role as citizens.

The Choices for the 21st Century Education Program is a program of the **Thomas J. Watson Jr. Institute for International Studies** at Brown University.

Thomas J. Biersteker
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The Choices for the 21st Century Education Program is a program of the Thomas J. Watson Jr. Institute for International Studies at Brown University. Choices was established to help citizens think constructively about foreign policy issues, to improve participatory citizenship skills, and to encourage public judgment on policy priorities.

The Thomas J. Watson Jr. Institute for International Studies was established at Brown University in 1986 to serve as a forum for students, faculty, visiting scholars, and policy practitioners, who are committed to analyzing contemporary global problems and developing initiatives to address them.

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About the Choices Approach

Choices for the 21st Century curricula are designed to make complex international issues understandable and meaningful for students. Using an innovative approach to student-centered instruction, Choices units develop critical thinking and civic judgment — essential ingredients of responsible citizenship.

Understanding the Significance of History: Each Choices unit provides students with a thorough introduction to the topic under consideration. Students gain an understanding of the historical background and the status of current issues. In this way, they see how history has shaped our world. With this foundation, students are prepared to thoughtfully consider a variety of perspectives on public policy.

Exploring Policy Alternatives: Each Choices unit is built around a framework of alternative policy options that challenges students to consider multiple perspectives and to think critically about the issue at hand. Students are best able to understand and analyze the options through a cooperative learning/role-play activity. In groups, students explore their assigned options and plan short presentations. The setting of the role-play may be a Congressional hearing, meeting of the National Security Council, or an election campaign forum. Student groups defend their policy options and, in turn, are challenged with questions from their classmates. The ensuing debate demands analysis and evaluation of the many conflicting values, interests, and priorities reflected in the options.

Exercising Civic Judgment: Armed with fresh insights from the role-play and debate, students are challenged to articulate original, coherent policy options that reflect their own values, priorities, and goals as individuals and citizens. Students' views can be expressed in letters to Congress or the White House, editorials for the school or community newspaper, persuasive speeches, or visual presentations.

Why Use the Choices Approach? Choices curricula are informed by current educational research about how students learn best. Studies have consistently demonstrated that students of all abilities learn best when they are actively engaged with the material rather than listening passively to a lecture. Student-centered instructional activities motivate students and develop higher-order thinking skills. However, some high school educators find the transition from lecture format to student-centered instruction difficult. Lecture is often viewed as the most efficient way to cover the required material. Choices curricula offer teachers a flexible resource for covering course material while actively engaging students and developing skills in critical thinking, persuasive writing, and informed citizenship. The instructional activities that are central to Choices units can be valuable components in any teacher's repertoire of effective teaching strategies. Each Choices unit includes student readings, a framework of policy options, suggested lesson plans, and resources for structuring cooperative learning, role-plays, and simulations. Students are challenged to:

- recognize relationships between history and current issues
- analyze and evaluate multiple perspectives on an issue
- understand the internal logic of a viewpoint
- engage in informed debate
- identify and weigh the conflicting values represented by different points of view
- reflect upon personal values and priorities surrounding an issue
- develop and articulate original viewpoints on an issue
- communicate in written and oral presentations
- collaborate with peers

Teachers who use Choices units say the collaboration and interaction that take place are highly motivating for students. Opportunities abound for students to contribute their individual talents to the group presentations in the form of political cartoons, slogans, posters, or characterizations. These cooperative learning lessons invite students to take pride in their own contributions and the group product, enhancing students' self-esteem and confidence as learners. Choices units offer students with diverse abilities and learning styles the opportunity to contribute, collaborate, and achieve.

Note to Teachers

Since the end of the Cold War, international relations has radically changed. The collapse of the Soviet Union took with it the East-West conflict that dominated world affairs for more than four decades. In its place, the North-South division has emerged as an important framework for reconceptualizing international relations. How the United States responds to the problems and challenges of the countries of the South will undoubtedly be a central question of U.S. foreign policy in the 21st century.

Dilemmas of Foreign Aid: U.S. Priorities, Policies, and Practices introduces students to many of the most important issues on the U.S. policy agenda for the developing world. At the core of the unit is a framework of three distinct options for U.S. foreign aid policy. By exploring a wide-ranging spectrum of alternatives, students gain a deeper understanding of the values underlying specific policy recommendations. The background reading is intended to prepare students to thoughtfully consider the complexities of U.S. relations toward the developing world. Part I summarizes the critical issues of U.S. aid policy, and Part II examines four case studies that highlight some of the dilemmas and controversies of providing aid.

Suggested Five-Day Lesson Plan: The Teacher's Resource Book accompanying *Dilemmas of Foreign Aid: U.S. Priorities, Policies, and Practices* contains a day-by-day lesson plan and student activities. The lesson plan opens with a brief history of U.S. foreign aid policy and interpretation of graphs about U.S. aid. An optional lesson offers a glimpse at U.S. efforts in Latin America during the 1960s and introduces students to the often contradictory goals of U.S. policy toward the developing world during the Cold War. The second day of the lesson plan allows students to reflect on the dilemmas of U.S. development policy. The third and fourth days feature a simulation in which students assume the role of advocates for the three options. Finally, on the fifth day, students apply their own policy recommendations to specific countries. You may also find the "Alternative Three-Day Lesson Plan" useful.

- **Alternative Study Guides:** Each section of background reading is accompanied by two distinct study guides. The standard study guide is designed to help students harvest the information provided in the background readings in preparation for tackling analysis and synthesis within classroom activities. The advanced study guide requires the student to tackle analysis and synthesis prior to class activities.

- **Vocabulary and Concepts:** The background reading in *Dilemmas of Foreign Aid: U.S. Priorities, Policies, and Practices* addresses subjects that are complex and challenging. To help your students get the most out of the text, you may want to review with them "Key Terms" found in the Teacher's Resource Book (TRB) on page TRB-32 before they begin their assignment. An "Aid Issues Toolbox" is also included on page TRB-33. This provides additional information on key concepts of particular importance.

The lesson plans offered in *Dilemmas of Foreign Aid: U.S. Priorities, Policies, and Practices* are provided as a guide. They are designed for traditional class periods of approximately fifty minutes. Those on block schedules will need to make adaptations. Many teachers choose to devote additional time to certain activities. We hope that these suggestions help you in tailoring the unit to fit the needs of your classroom.

Integrating This Unit into Your Curriculum

Units produced by the Choices for the 21st Century Education Program are designed to be integrated into a variety of social studies courses. Below are a few ideas about where *Dilemmas of Foreign Aid: U.S. Priorities, Policies, and Practices* might fit into your curriculum.

The Economics of Development: Since its emergence in the 1950s, the developing world has served as a testing ground for competing theories on economic development. Issues involving trade policy, the economic role of the state, the balance between industry and agriculture, and other areas of controversy have been played out in the economies of Asia, Africa, and Latin America. Until East Asia was struck by financial crisis in 1997, the region's rapidly industrializing economies seemed to offer a model for the developing world. Now, the consensus has again been shattered and the demand for alternatives has grown. *Dilemmas of Foreign Aid: U.S. Priorities, Policies, and Practices* helps students place the debate surrounding the economics of development in a broader context.

The Evolution of the Developing World: The terms "Third World" and "developing world" were first popularized in the 1950s as the divisions of the Cold War deepened and the process of decolonization gained momentum. At the time, optimism ran high that the poor countries of Asia, Africa, and Latin America would be able to make rapid economic progress and contribute to overcoming the climate of international hostility engendered by the superpower conflict. *Dilemmas of Foreign Aid: U.S. Priorities, Policies, and Practices* provides a tool for studying the changing role of the developing world in global affairs since the 1950s. The topic is particularly relevant in an era in which the axis of international relations has swung from East-West to North-South.

Ethics in Policy-Making: There is a strong moral strand that runs through American society about wanting to help those in need. However, with limited resources policy-makers are forced to choose whom, how and when to help. *Dilemmas of Foreign Aid: U.S. Priorities, Policies, and Practices* allows students to examine the U.S. aid policy in a new light, while inviting them to explore some the ethical dilemmas faced by policy-makers everyday. For example, should humanitarian aid be provided if it could used to prolong a conflict? Should the United States promote copyright protection or allow the production of copied expensive medications in countries that cannot afford to buy drugs?

International Organizations: The United Nations and other key international organizations have increasingly become a forum for the developing world. UN-sponsored conferences in the 1990s on global environmental problems, population growth, and development have served to highlight the common concerns of developing countries and to raise the profile of their campaign for a greater voice in decision-making within the international community. At the same time, the expanded role of the IMF and the World Bank in promoting economic reform in the developed world has stirred growing resentment within poor nations. With the UN in its second half century, *Dilemmas of Foreign Aid: U.S. Priorities, Policies, and Practices* affords students an opportunity to consider the future direction of international organizations.

U.S. Aid Policy Today

Objectives:

Students will:

- Analyze and interpret graphs to assess the status of U.S. aid policy.
- Compare and contrast graphic representations of resources devoted to aid to help make connections to historical and current events and to discern U.S. policy priorities.

Required Reading:

Before beginning the unit, students should have read the Introduction and Part I of the background reading in the student text (pages 1-9) and completed "Study Guide — Introduction and Part I" in the Teacher's Resource Book (TRB 4-5) or "Advanced Study Guide — Introduction and Part I"(TRB-6).

Handouts:

- Graphs and Graph Analysis Questions (TRB 7-10)

In the Classroom:

1. Establishing the Context — Ask students to think about Part I of the background reading. Have the class generate a short list of major historical events and their time period, (e.g., the Cold War: cir. 1947-1989)

2. Graph analysis — Explain to students that they will be using graphs to analyze U.S. allocation of resources to foreign aid. Put students in groups of two or three and hand out the graphs and the accompanying questions.

3. Sharing Conclusions — After students have finished the activity, review some of the answers. What are some of the important events of twentieth century that have had an impact of U.S. foreign aid spending? In absolute terms the United States is a world leader in providing development assistance, but lags behind other countries in providing a percentage of its resources. Ask students to explore the significance of this distinction. Review with students the list of leading recipients of U.S. aid. Ask students to describe the U.S. relationship to these countries. What traits do these countries have in common? Are there important differences? What reasons can students suggest about why the United States supplies assistance to these countries? In the coming years, are there countries that will move off this list of leading recipients? What countries might move on to the list?

Note:

If students finish the graph analysis quickly, you may want to devote time to the optional lesson (TRB-11).

Homework:

Students should read Part II of the background reading in the student text (pages 10-21) and complete "Study Guide — Part II" (TRB 15-16) or "Advanced Study Guide — Part II" (TRB-17).

Day 1

Name:

Study Guide — Introduction and Part I

1. Explain what is meant by the phrase "developing world."

2. Fill in the chart below using the information in the box at the bottom of page 2 in your reading.

Type of Aid	What is this type of aid used for?

3. **True** or **false**. America's foreign aid spending rose sharply in the 1990s.

4. During the Cold War, U.S. foreign aid was viewed mainly as an instrument for _____ the spread of _____.

5. List two ways U.S. foreign aid policy has changed since the end of the Cold War.

   a.

   b.

6.. List three consequences of the East Asian economic crisis.

a.

b.

c.

7. What is meant by the term "globalization?"

8. Fill in the chart below based on the background reading.

Institution	Role of Institution	Criticisms of Institution
IMF		
World Bank		

9. List four policies that USAID has chosen to promote in recent years.

a.

b.

c.

d.

10. List two criticisms of USAID's policies.

a.

b.

Name:

Advanced Study Guide — Introduction and Part I

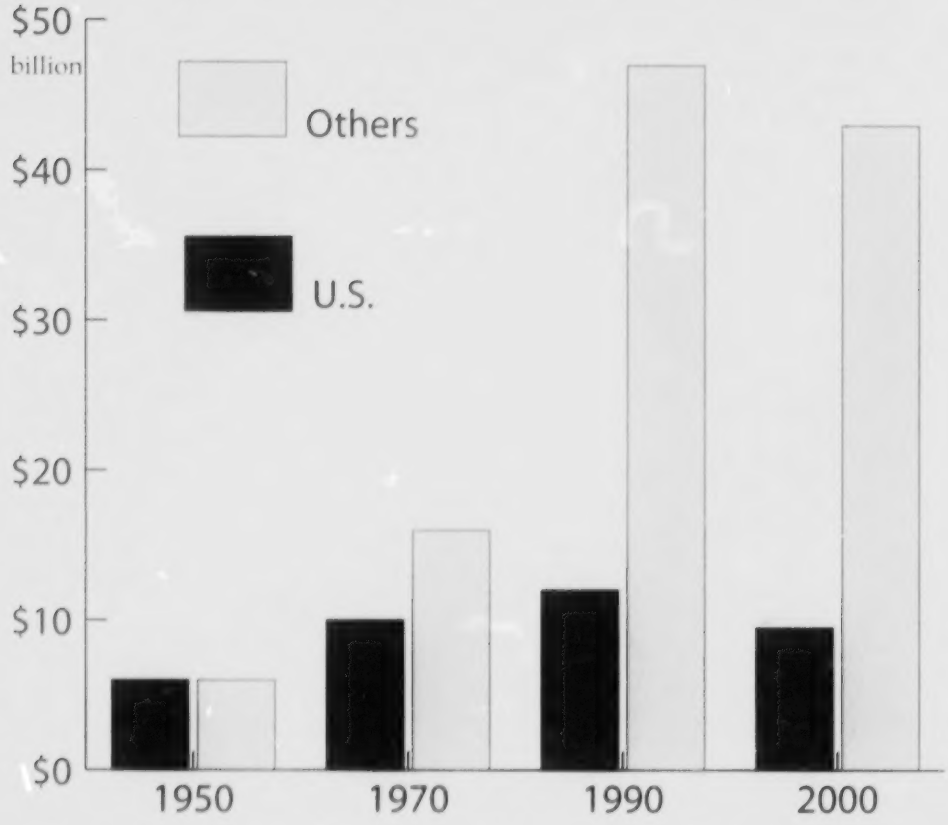
1. How and why has the end of the Cold War prompted U.S. leaders to rethink our country's foreign aid policy?

2. In your opinion, what accounts for the American public's misperceptions about foreign aid?

3. Summarize the main areas of controversy surrounding U.S. foreign aid policy.

4. "International trade and foreign investment will eventually allow poor countries to escape poverty and eliminate the need for aid altogether." How did the Asian economic crisis of 1997 cast doubt on this statement?

Graph: Development Assistance over Time



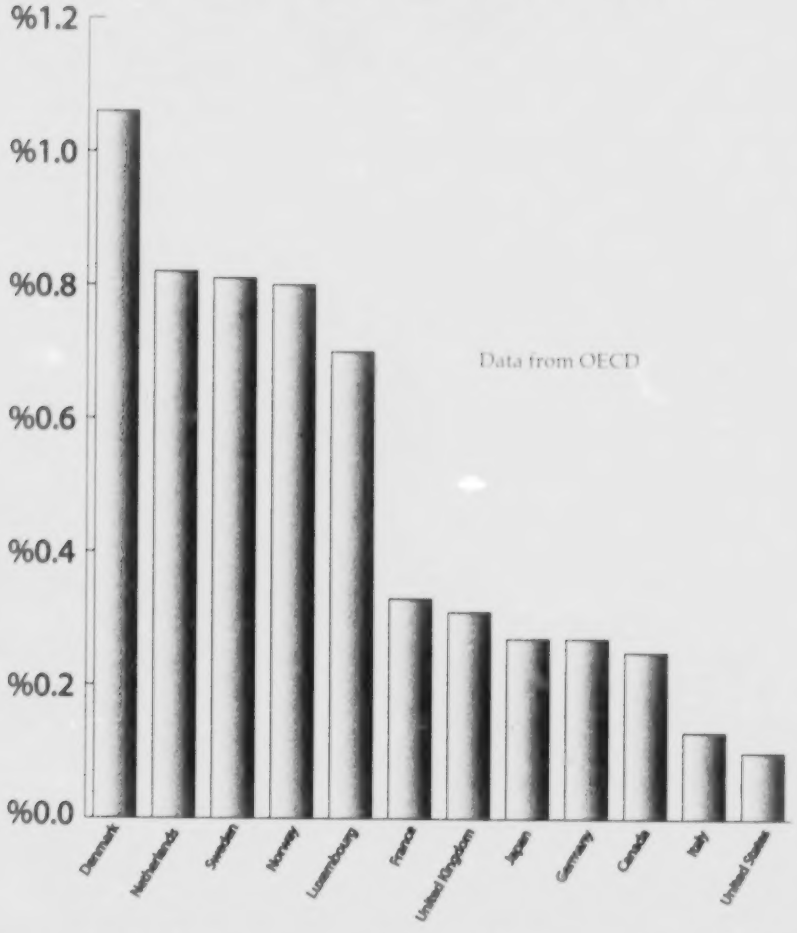
*Figures measuring development assistance do not include donations of military aid or short-term humanitarian relief. Data from OECD.

1. Drawing from the background reading, what important historical events took place during the time period represented by this graph? Which events might have affected the amount of development assistance given? Explain.

2. When did the United States give its greatest amount to development assistance? What events might explain the decline that followed?

3. Relative to the other development assistance donors, (roughly) when did the United States give its greatest share of the total of development assistance? When did it give its least share? What reasons can you give that might explain this?

Graph: Donations of Development Assistance as a Percentage of GDP (2000)

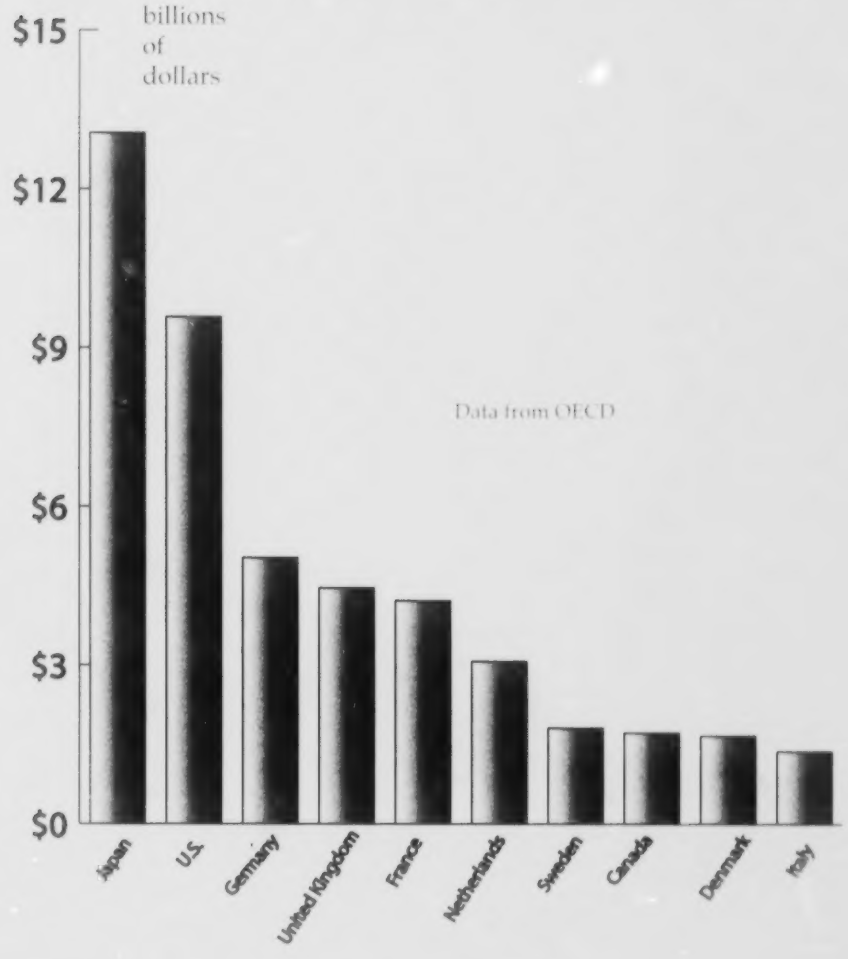


1. According to this graph, which nations met the United Nations target of 0.7% of GDP to development assistance in the year 2000?

2. Roughly what percentage of GDP did the following countries devote to development assistance during the year 2000.

Denmark: France: Canada: United States:

Graph: Total Development Assistance (2000)

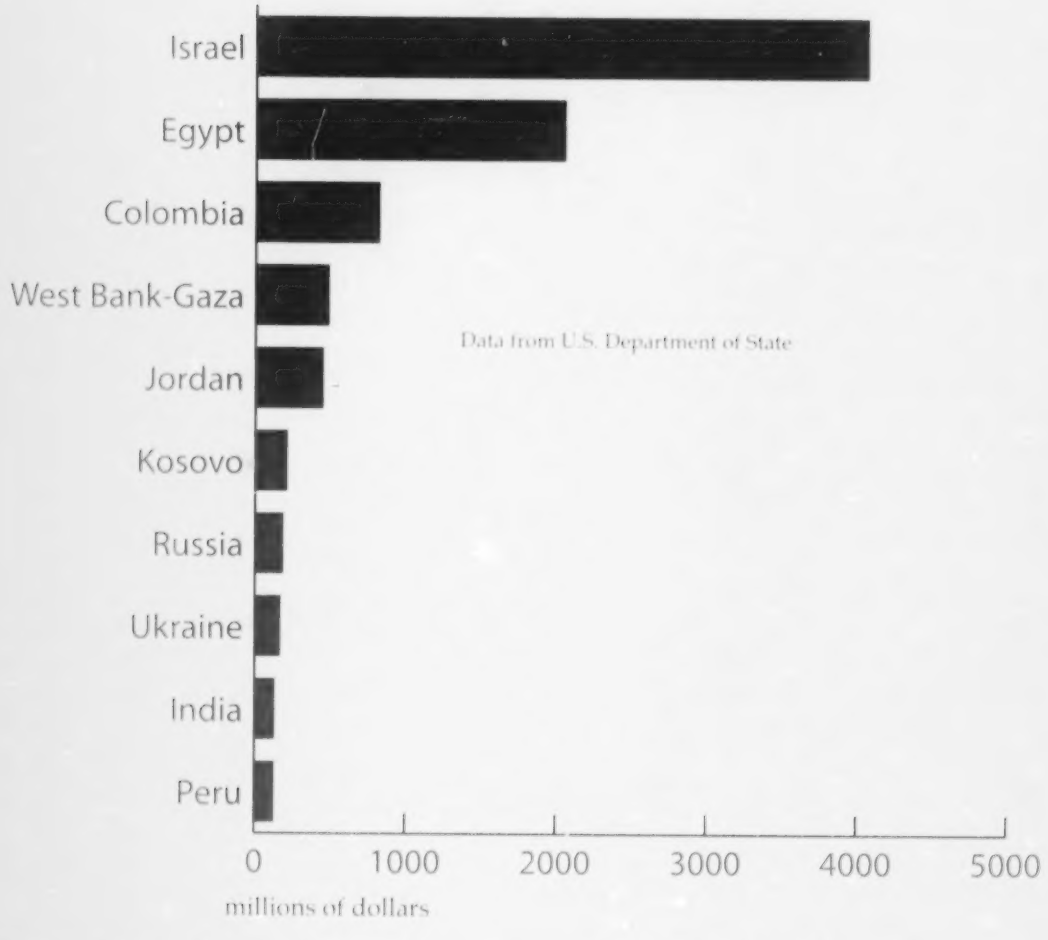


1. According to the data presented in this graph, roughly how much did the United States devote to development assistance in the year 2000?

2. Refer to the graph above and on the page before. The United States ranked_____ in the total amount of development assistance provided but ranked _____ in donations of development assistance as a percentage of GDP.

3. Bonus question: If the United States gave as high a percentage of its GDP as Denmark did in 2000, roughly how much development assistance would the United States have contributed?

Graph: Leading Recipients of U.S. Foreign Assistance* (2000)



*This includes military and security assistance as well as other forms of aid.

1. Who received the most aid from the United States? Why would the United States choose to give them so much assistance?

2. Drawing from what you know about current events, are there other countries that you expect would be on this graph this year or next? Explain your reasoning.

Optional Lesson: Contradictions of U.S. Aid Policy during the Cold War

Objectives:

Students will:

- Analyze some of the conflicting goals that shaped U.S. aid policy during the Cold War
- Evaluate the impact of the Alliance for Progress in Latin America
- Identify the most significant passages of the speech under consideration

Required Reading:

Before beginning the optional lesson, students should have read the Introduction and Part I of the background reading in the student text (pages 1-9) and completed "Study Guide — Introduction and Part I" in the Teacher's Resource Book (TRB 4-5) or "Advanced Study Guide — Introduction and Part I" (TRB-6).

Handouts:

- "Formation of the Alliance for Progress" (TRB-9)
- "Results of the Alliance for Progress in El Salvador" (TRB-10)

In the Classroom:

1. Establishing the Context — Distribute "Formation of the Alliance for Progress" and "Results of the Alliance for Progress in El Salvador" to each student. Note that the "Formation of the Alliance for Progress" presents excerpts from a 1961 speech by President John Kennedy. (The speech in the Supplementary Document section — pages 29-35 of the student text — was delivered by Kennedy nine days later.) Review for students general U.S. Cold War foreign policy strategy at the time the Alliance for Progress was formed. Instruct them to read the speech excerpts quickly.

2. Reviewing Kennedy's Speech — Ask students to summarize the main themes of the speech. Why does Kennedy believe that the Americas have reached a crucial historical juncture? What vision of the United States do his words evoke? What dangers are implied? (Explain the references to Cuba and the Dominican Republic.) Which passages capture the idealism of the era? Call on students to identify the main goals, both economic and political, outlined in the speech. How are Latin American countries expected to contribute to a realization of the alliance's goals?

3. Drawing Conclusions — Instruct students to read "Results of the Alliance for Progress in El Salvador." How does the example of El Salvador illustrate the contradictions in the Alliance for Progress' goals? How did U.S. Cold War strategy shape the implementation of American aid programs in the country? Why were the results of the Alliance for Progress in El Salvador considered disappointing? Were the goals presented in Kennedy's speech realistic? Ask students to compare the international environment of the 1960s to that of today. Are the goals of the Alliance for Progress relevant to today's concerns?

Homework:

Students should read Part II of the background reading in the student text (pages 10-21) and complete "Study Guide — Part II" (TRB 15-16) or "Advanced Study Guide — Part II" (TRB-17)

Formation of the Alliance for Progress

(Below are excerpts from a speech delivered by President John F. Kennedy to announce the creation of the Alliance for Progress. The speech was given on March 13, 1961, to Latin American officials and members of Congress.)

...The genius of our scientists has given us the tools to bring abundance to our land, strength to our industry, and knowledge to our people. For the first time we have the capacity to strike off the remaining bonds of poverty and ignorance — to free our people for the spiritual and intellectual fulfillment which has always been the goal of our civilization.

Yet at this very moment of maximum opportunity, we confront the same forces which have imperiled America [the Western Hemisphere] throughout its history — the alien forces which once again seek to impose the despotisms of the Old World on the people of the New....

Throughout Latin America, a continent rich in resources and in the spiritual and cultural achievements of its people, millions of men and women suffer the daily degradations of poverty and hunger. They lack decent shelter or protection from disease. Their children are deprived of the education or the jobs which are the gateway to a better life. And each day the problems grow more urgent....

Therefore I have called on all people of the hemisphere to join in a new Alliance for Progress — *Alianza para Progreso* — a vast cooperative effort, unparalleled in magnitude and nobility of purpose, to satisfy the basic needs of the American people for homes, work and land, health and schools — *techo, trabajo y tierra, salud y escuela.*

First, I propose that the American republics begin on a vast new ten-year plan for the Americas, a plan to transform the 1960s into a historic decade of democratic progress....

And if we are successful, if our effort is bold enough and determined enough, then the close of this decade will mark the beginning of a new era in the American experience. The living standards of every American family will be on the rise, basic education will be available to all, hunger will be a forgotten experience, the need for massive outside help will have passed, most nations will have entered a period of self-sustaining growth, and though there will be still much to do, every American republic will be the master of its own revolution and its own hope and progress....

Thus if the countries of Latin America are ready to do their part, and I am sure they are, then I believe the United States, for its part, should help provide resources of a scope and magnitude sufficient to make this bold development plan a success — just as we helped to provide, against equal odds nearly, the resources adequate to help rebuild the economies of Western Europe. For only an effort of towering dimensions can ensure fulfillment of our plan for a decade of progress....

To achieve this goal political freedom must accompany material progress. Our Alliance for Progress is an alliance of free governments, and it must work to eliminate tyranny from a hemisphere in which it has no rightful place. Therefore let us express our special friendship to the people of Cuba and the Dominican Republic, and the hope that they will soon rejoin the society of free men, uniting with us in common effort.

This political freedom must be accompanied by social change. For unless necessary social reforms, including land and tax reform, are freely made — unless we broaden the opportunity for all of our people — unless the great mass of Americans share in increasing prosperity — then our alliance, our revolution, our dream, and our freedom will fail....

Results of the Alliance for Progress in El Salvador

The Alliance for Progress was formed at a crucial moment in U.S. relations with Latin America. In the months leading up to President John F. Kennedy's speech, Fidel Castro had taken his first steps to establishing communism in Cuba, and Soviet leader Nikita Khrushchev had voiced his enthusiasm for spreading communist revolution to other countries in Latin America.

President Kennedy hoped the Alliance for Progress would block the advance of communism in Latin America by raising the level of economic prosperity in the region. Over the next decade, the United States contributed nearly $20 billion to the program.

America's dilemma

From the outset, however, the Alliance for Progress was torn by contradictions. On the one hand, economic development in Latin America required deep-seated political and economic reform. On the other hand, U.S. officials feared that change would threaten stability and open the door to communist revolution. The dilemma facing U.S. policymakers is evident in the alliance's record in El Salvador.

U.S. aid officials recognized that land reform was critical to El Salvador's progress. They also recommended new laws to require the country's upper class to contribute more in taxes. Such measures, however, were fiercely opposed by the handful of families that had dominated El Salvador since Spanish colonial rule. Although they represented less than 1 percent of the population, El Salvador's wealthy elite controlled half the country's farmland.

Economic growth

During the 1960s, the United States supported a conservative dictatorship in El Salvador that upheld the privileges of the wealthy. Alliance for Progress funds were used to develop new export crops, such as sugar and vegetable oil, and expand cattle ranching. El Salvador's coffee industry — by far the country's most important source of exports — was modernized. U.S. aid also helped build new factories to take advantage of El Salvador's abundant supply of cheap labor. The growth rate of El Salvador's economy in the 1960s reached 12 percent a year — one of the highest rates in the world.

Social inequality

Many Salvadorans, however, did not see the benefits of economic growth. While the output of export crops rose in the 1960s, the production of staple foods, such as corn and beans, declined. Efforts to establish a minimum wage of $1 a day failed in the legislature. By 1975, 40 percent of El Salvador's farmers had lost their land.

Hundreds of thousands of Salvadorans moved to the cities in the 1960s. In addition, 10 percent of the population crossed the border into Honduras, sparking a brief war between the two countries in 1969. In response to the fighting, U.S. aid officials devoted new resources to increasing food production. The shift in policy improved the productivity of small farmers, but the gap between the rich and the poor remained enormous.

Disappointing results

The results of the Alliance for Progress' first decade were largely disappointing. U.S. officials were forced to concede that the lives of the great majority of Salvadorans had not improved in the 1960s. Meanwhile, at least one important revolutionary movement had taken root in El Salvador. Many Salvadorans came to believe that change would come only through violence. Within a few years, the country would be caught up in one of Latin America's bloodiest civil wars.

Dilemmas in Providing Aid

Objectives:

Students will:

- Consider the ramifications and dilemmas of U.S. aid policy.
- Assess some of the problems and challenges facing the developing world.
- Collaborate with classmates to develop persuasive group presentations.

Required Reading:

Students should have read Part II of the background reading in the student text (pages 10-21) and completed "Study Guide — Part II" (TRB 15-16) or "Advanced Study Guide — Part II" (TRB-17).

Handouts:

- "Exploring Dilemmas and Tradeoffs" for the case study groups (TRB-18)
- "U.S. Policymakers" for the U.S. officials (TRB-19)

In the Classroom:

1. Developing World — Form four groups of three to five students. Assign each group one of the four case studies featured in Part II of the background reading (Confronting HIV/AIDS, Plan Colombia, The Asian Economic Crisis, Sudan). Distribute "Exploring Dilemmas and Tradeoffs" to the group members. Instruct the groups to quickly organize their presentations. (See "Exploring Dilemmas and Tradeoffs.")

2. U.S. Policymakers — Form a group with the remaining students. Explain that the group will represent a panel of U.S. officials evaluating our country's aid policy. Distribute "U.S. Policymakers" to the group members. Explain that the students serving as U.S. policymakers should review their handouts, as well as Part II of the background reading, while the case study groups are preparing their presentations.

3. Clarifying Issues — After the case study groups have completed their preparations, call on each group to deliver their presentations. Encourage panel members representing U.S. policymakers to ask clarifying questions. Allow the panel members a few minutes to organize their evaluations of the case study groups. Suggest that they look for areas of consensus among themselves. Call on panel members to share their evaluations before the class.

4. Comparing Concerns — Ask students to compare the recommendations of the case studies groups. For example, what are the values that underlie each of the recommendations? How did these values help resolve deliberations about the dilemmas and tradeoffs of each policy? How do the goals of the aid policy differ in each case? Which specific U.S. policy interests will providing aid serve?

Study Guide — Part II
Case Studies in Aid Policy

1. Why does the United States provide development assistance?

2. "One-quarter of children in Sub-Saharan Africa _____ before there _____birthday. Less than _____ of the region's teenagers attend high school. Statistics indicate that income and food production have fallen in most countries over the last two decades. At least _____of the people in the world infected with HIV live in Sub-Saharan Africa."

3. List two reasons why HIV/AIDS is more likely to spread rapidly in the developing countries of Sub-Saharan Africa.

   a.

   b.

4. List two ways that the effects of HIV/AIDS has made further economic development in Sub-Saharan Africa more difficult.

   a.

   b.

5. What is the purpose of military and security aid?

6. Complete the chart below drawing from "Case Study: Plan Colombia" in the student text.

U.S. Resources Used For:	Purpose of Program & Criticisms (if applicable)
Crop Dusting	
Training for Colombian Military	
Improving Human Rights Practices	

7. List two possible consequences of a country's economic collapse.

a.

b.

8. Fill in chart below giving the explanations for the Southeast Asian financial crisis from the U.S. point of view and the view from with Southeast Asia.

U.S. Perspective	Southeast Asian Perspective

9. List three obstacles to providing humanitarian assistance in Sudan.

a.

b.

c.

Advanced Study Guide — Parts II
Case Studies in Aid Policy

1. What are the most pressing issues and dilemmas facing the United States government regarding HIV/AIDS in Africa? How should the United States go about resolving some of the dilemmas?

2. What are the sources of controversy surrounding Plan Colombia?

3. How is the United States connected to the causes and potential solutions of Southeast Asia's economic crisis?

4. What are some of the pitfalls of providing humanitarian aid in the Sudan?

Name:

Exploring Dilemmas and Tradeoffs

Instructions: Your group has been called upon to make a recommendation about U.S. aid policy based on one of the case studies featured in Part II of the background reading (Confronting HIV/AIDS, Plan Colombia, The Asian Economic Crisis, Sudan). You will appear before a panel of American officials who are responsible for designing U.S. aid policy. Your job is to put forward recommendations on how and if U.S. policy should be changed. Your presentation can be based on your responses to the questions below. Closely review relevant sections of Part II of the background reading to help you sharpen your presentation.

1. What problems in your case study can foreign aid from the United States help overcome?

2. What are the main criticisms of U.S. policy in your case study?

3. What principles should guide U.S. policy to the problems presented in your case study?

4. What specific policy steps should the United States take with respect to resolving the issues raised in your case study?

Organizing Your Group: Each member of your group will take a specific role. Groups larger than three will need to share roles. Below is a brief explanation of the responsibilities for each role.

1. *Spokesperson:* Your job is to explain the position of your group to the American officials in a three-to-five minute presentation. In making your presentation, you will receive help from the other members of your group. You should include arguments from their areas of expertise. Keep in mind, though, that you are expected to take the lead in organizing your group. Read your case study and review the background reading to build a strong case for your option.

2. *Aid Specialist:* Your job is to explain why aid is needed in your case study. Carefully read your case study, and then review the background reading. What kind of aid needs to be provided? Should U.S. funding be increased? What are the dilemmas and controversies that surround the provision of aid in your case study. Make sure that your area of expertise is reflected in the presentation of your group.

3. *U.S. Foreign Policy Adviser:* Your job is to explain why your groups recommendation serves the foreign policy goals and interests of the United States. Carefully read your case study, and then review relevant sections of the background reading. Identify the key values and principles behind your group's recommendation. Make sure that your area of expertise is reflected in the presentation of your group.

Making Your Case: After your preparations are completed, your group will deliver a three-to-five minute presentation. Each group member should speak clearly and convincingly. During the presentations, you should try to identify the dilemmas and trade-offs of providing aid. Be sure to explain what values and principles your group used to resolve these dilemmas. After all of the groups have presented their cases, will ask you cross-examination questions. Any member of your group may respond during the cross-examination period.

U.S. Policymakers

Instructions: You are part of a panel of American officials that is responsible for designing U.S. aid policy. You will hear from representatives of the four case studies featured in Part II of the background reading Confronting HIV/AIDS, Plan Colombia, The Asian Economic Crisis, Sudan). They will put forward their recommendations for U.S. policy in these respective cases.

After you have heard from all the groups, you will be asked to evaluate their recommendations. You should base your evaluations on the following considerations.

1. Did the group effectively explain how the United States could help the region overcome its problems?

2. Did the group offer thoughtful criticism of U.S. policy toward its region?

3. Did the group convincingly make the case for changes in U.S. policy?

4. Did the group make specific policy recommendations? What are your main criticisms of the group's recommendations?

While the four groups are organizing their presentations, you should carefully review Part II of the background reading.

Role Playing the Three Options: Organization and Preparation

Objectives:

Students will:

- Analyze the issues that frame the current debate on U.S. policy toward the developing world.
- Identify the core underlying values of the options.
- Integrate the arguments and beliefs of the options and the background reading into a persuasive, coherent presentation.
- Work cooperatively within groups to organize effective presentations.

Handouts:

- "Presenting Your Option" (TRB-21) for option groups
- "Expressing Key Values" (TRB-22) for option groups
- "Input from the Developing World" (TRB-23) for the developing world group
- "Committee on Foreign Relations of the U.S. Senate" (TRB-24) for committee members

In the Classroom:

1. Planning for Group Work — In order to save time in the classroom, form student groups before beginning Day Three. During the class period of Day Three, students will be preparing for the Day Four simulation. Remind them to incorporate the background reading into the development of their presentations and questions.

2a. Option Groups — Form three groups of four students. Assign an option to each group. Distribute "Presenting Your Option" and "Expressing Key Values" to the three option groups. Inform students that each option group will be called upon in Day Four to present the case for its assigned option to members of the Committee on Foreign Relations of the U.S. Senate. Explain that option groups should follow the instructions in "Presenting Your Option." Note that the option groups should begin by assigning each member a role.

2b. Developing World — Form a group of three students to represent the regions featured in the cases of Part II of the background reading. Distribute "Input from the Developing World" to the group. Inform the developing world representatives that they will be called upon in Day Four to explain the relevance of U.S. policy on their regions. Note that the group should follow the instructions in "Input from the Developing World."

2c. Committee Members — The remainder of the class will serve as members of the Committee on Foreign Relations of the U.S. Senate. Distribute "Committee on Foreign Relations of the U.S. Senate" to each committee member. While the option groups are preparing their presentations, committee members should develop cross-examination questions for Day Four. (See "Committee on Foreign Relations of the U.S. Senate.") Remind committee members that they are expected to turn in their questions at the end of the simulation.

Suggestions:

In smaller classes, other teachers or administrators may be invited to serve as members of the committee. In larger classes, additional roles — such as those of newspaper reporter or lobbyist — may be assigned to students.

Extra Challenge:

Ask the option groups to design a poster or a political cartoon illustrating the best case for their options.

Homework:

Students should complete preparations for the simulation.

Presenting Your Option

Preparing Your Presentation

Your Assignment: Your group has been called upon to appear before the Committee on Foreign Relations of the U.S. Senate. Your assignment is to persuade the committee members that your option should be the basis for U.S. foreign aid policy. You will be judged on how well you present your option.

Organizing Your Group: Each member of your group will take a specific role. Below is a brief explanation of the responsibilities for each role.

1. *Spokesperson:* Your job is to organize your group's three-to-five minute presentation of its option to the Committee on Foreign Relations. In organizing your presentation, you will receive help from the other members of your group. Keep in mind that you are expected to take the lead in organizing your group. Read your option and review the background reading to build a strong case for your option. The "Expressing Key Values" worksheet will help you organize your thoughts.

2. *USAID Analyst:* Your job is to explain why the recent experience of USAID justifies the position of your option. Carefully read your option, and then review Part II of the background reading. Make sure that your area of expertise is reflected in the presentation of your group. The "Expressing Key Values" worksheet will help you organize your thoughts.

3. *Adviser on the Developing World:* Your job is to explain why your group's option best addresses the foreign policy challenges facing the United States in the developing world. Carefully read your option, and then review Part II of the background reading. Make sure that your area of expertise is reflected in the presentation of your group. The "Expressing Key Values" worksheet will help you organize your thoughts.

4. *Historian:* Your job is to explain your group's position on how the lessons of U.S. foreign aid policy in recent years justify the position of your option. Carefully read your option, and then review the Introduction and Part I of the background reading. Make sure that your area of expertise is reflected in the presentation of your group. The "Expressing Key Values" worksheet will help you organize your thoughts.

Making Your Case

After your preparations are completed, your group will deliver a three-to-five minute presentation to the Committee on Foreign Relations. The "Expressing Key Values" worksheet and other notes may be used, but speakers should speak clearly and convincingly. During the presentations, you should try to identify the weak points of the other options. After all of the groups have presented their options, members of the Senate committee will ask you cross-examination questions. Any member of your group may respond during the cross-examination period.

Name:

Expressing Key Values

The notion of values lies at the core of this unit. Each of the three options in this unit revolves around a distinct set of values. The opening two paragraphs of your option are devoted to making a convincing case for the values that are represented. The term "values," however, is not easy to define. Most often, we think of values in connection with our personal lives. Our attitudes toward our families, friends, and communities are a reflection of our personal values.

Values play a critical role in our civic life as well. In the United States, our country's political system and foreign policy have been shaped by a wide range of values. The high value many Americans place on freedom, democracy, and individual liberty rings loudly throughout U.S. history. For most of our country's existence, the impulse to spread American values beyond our borders was outweighed by the desire to remain independent of foreign entanglements. Since World War II, however, the United States has played a larger role in world affairs than any other nation. At times, American leaders have emphasized the values of human rights and cooperation. On other occasions, the values of stability and security have been stressed.

Some values fit together well. Others are in conflict. Americans are constantly being forced to choose among competing values in our ongoing debate about foreign policy. Your job is to identify and explain the most important values underlying your option. These values should be clearly expressed by every member of your group. This worksheet will help you organize your thoughts.

1. What are the two most important values underlying your option?

   a.

   b.

2. According to the values of your option, what should be the role of the United States in the world?

3. Why should the values of your option be the guiding force for U.S. foreign aid policy?

Name: _____ Day 3

Input from the Developing World

Your group represents the regions featured in the case studies in Part II of the background reading. You have been called upon to explain the impact of U.S. foreign aid programs on these regions to the Committee on Foreign Relations of the U.S. Senate in a five-minute presentation on Day Four. Your job is not to voice your opinion on the three options. Rather, you are expected to inform the committee members about prospects for development in the regions you represent. This worksheet will help you prepare your presentation.

1. What does the Committee on Foreign Relations need to know about the developing world in order to intelligently chart U.S. policy?

2. How does the developing world affect the interests of the United States?

3. What are the lessons from the experiences of your regions that should be considered in charting U.S. policy?

4. What is the present impact of U.S. policy on these regions?

Committee on Foreign Relations of the U.S. Senate
Hearing on U.S. Aid Policy

Your Role

As a member of the Committee on Foreign Relations of the U.S. Senate, you consider issues relating to our country's foreign policy. As you know, the end of the Cold War and turmoil in the global economy has forced U.S. leaders to rethink our country's aid policies. These hearings will introduce you to three distinct approaches to U.S. aid policy.

Your Assignment

While the three option groups are organizing their presentations, you should prepare two questions regarding each of the options. Your teacher will collect these questions at the end of Day Four.

Your questions should be challenging and critical. For example, a good question for Option 1 might be:

> *By trying to spread American values through foreign aid and trade policy, doesn't the United States run the risk of contributing to instability in the developing world?*

On Day Four, the three option groups and the developing world group will present their positions. After their presentations are completed, your teacher will call on you and your fellow committee members to ask questions. The "Evaluation Form" you receive is designed for you to record your impressions of the option groups. Part I should be filled out in class after the option groups make their presentations. Part II should be completed as homework. After this activity is concluded, you may be called upon to explain your evaluation of the option groups.

Role Playing the Three Options: Debate and Discussion

Objectives:

Students will:

- Articulate the leading values that frame the debate on U.S. aid policy.
- Explore, debate, and evaluate multiple perspectives on U.S. aid policy.
- Sharpen rhetorical skills through debate and discussion.
- Cooperate with classmates in staging a persuasive presentation.

Handouts:

- "Evaluation Form" (TRB-26) for the committee members

In the Classroom:

1. Setting the Stage — Organize the room so that the three option groups face a row of desks reserved for the Committee on Foreign Relations and the developing world group. Distribute "Evaluation Form" to the committee members. Instruct members of the committee to fill out the first part of their "Evaluation Form" during the course of the period. The second part of the worksheet should be completed as homework.

2. Managing the Simulation — Explain that the simulation will begin with three-to-five minute presentations by each of the option groups, followed by the presentation of the developing world group. Encourage the group members to speak clearly and convincingly.

3. Guiding Discussion — Following the presentations, invite members of the Committee on Foreign Relations to ask cross-examination questions. Make sure that each committee member has an opportunity to ask at least one question. The questions should be evenly distributed among all three option groups. If time permits, encourage members of the option groups to challenge the positions of the other groups and invite comments from representatives of the developing world. During cross-examination, allow any option group member to respond. (As an alternative approach, permit cross-examination following the presentation of each option.)

Homework:

Students should read each of the three options in the student text (pages 24-29), then moving beyond these options they should fill out "Focusing Your Thoughts" (TRB-23) and complete "Your Option Four" (TRB-25).

Name:

Evaluation Form
Committee on Foreign Relations of the U.S. Senate

Part I

What was the most persuasive argument presented in favor of this option?	What was the most persuasive argument presented against this option?
Option 1	*Option 1*
Option 2	*Option 2*
Option 3	*Option 3*

Part II

Which group presented its option most effectively? Explain your answer.

Joining the Debate on U.S. Policy

Objectives:

Students will:

- Articulate coherent recommendations for U.S. aid policy based on personally held values and historical understanding.
- Apply their policy recommendations to specific developing countries.
- Identify the leading values and trade-offs in the current policy debate.

Handouts:

- "Applying Your Option Four" (TRB 30-31)

Required Reading:

Students should have read the three options in the student text (pages 23-28), and completed "Focusing Your Thoughts" (TRB-28) and "Your Option Four" (TRB-29).

In the Classroom:

1. Analyzing Beliefs — Call on members of the Senate committee to share their evaluations of the option groups. Which arguments were most convincing? Which beliefs were most appealing? What were the main concerns addressed by each of the options?

2. Applying Policy Recommendations — Distribute "Applying Your Option Four" to each student. Review the background information for Malawi with the class. Ask students to compare Malawi with other developing nations and invite them to offer their responses to the "Questions for Consideration." Call on students to complete the "Questions for Consideration" for Peru and Indonesia on their own.

3. Comparing Viewpoints — After students have completed the "Questions for Consideration" for each country, invite them to share their responses with the class. Encourage them to clarify the connection between their values and their policy recommendations. What values resonate most strongly among the students? What are the potential trade-offs of their policy recommendations? How did students assess U.S. interests in the three countries featured in the handout? Ask students to compare the recommendations of the class with current U.S. aid policy.

Suggestion:

Allow students to work in pairs or small groups to develop their responses to "Questions for Consideration."

Extra Challenge:

As homework, instruct students to write a letter to a member of Congress or President Bush on their ideas for U.S. aid policy. In the first part of the letter, students should express their views on U.S. interests in the developing world, while in the second part of the letter students should present their own policy recommendations, citing examples from the four case studies.

Encourage students to explore the local dimension of the debate on U.S. policy toward the developing world. For example, students could be asked to contact local businesses, former Peace Corps volunteers, and charitable organizations that have worked on U.S. foreign aid projects. Business associations and labor unions have voiced their views on U.S. trade policy toward developing countries. Human rights, environmental, and women's groups, ethnic organizations, and friendship societies are also active in the policy arena regarding the developing world. In addition, immigrants, scholars, and students from developing countries may be able to offer special insights on the impact of U.S. foreign aid programs.

Focusing Your Thoughts

Instructions: You have had an opportunity to consider three options for U.S. policy toward the developing world. Now it is your turn to look at each of the options from your own perspective. Try each one on for size. Think about how the options address your concerns and hopes. You will find that each has its own risks and trade-offs, advantages and disadvantages. After you complete this worksheet, you will be asked to develop your own option on this issue.

Ranking the Options

Which of the options below do you prefer? Rank the options from "1" to "3," with "1" being your first choice.

___ **Option 1: Share the American Dream**

___ **Option 2: Join Hands for a Better World**

___ **Option 3: Put America First**

Beliefs

Considering the statements below will help you answer the first three questions of "Your Option Four." Rate each of them according to your personal beliefs:

1 = Strongly Support 3 = Oppose 5 = Undecided
2 = Support 4 = Strongly Oppose

___ Meddling in the development of other societies is counter-productive and dangerous.

___ Changing outmoded traditions and backward customs is in the best interests of people in developing countries.

___ The problems of developing countries are America's problems too, and can be solved only through global cooperation.

___ Economic growth is a worthwhile goal only if it fits into a long-term plan to protect the environment and the larger society.

___ Competition is, and will continue to be, the driving force of international relations.

___ The greatest threats facing the United States are all at home: terrorism, mediocre schools, crime, and an inadequate health care system.

___ Aid programs rob people of their initiative and chip away at their dignity.

___ Democracy and the free-market economic system should serve as the foundation for all societies.

___ As citizens of the richest country in the world, Americans have an obligation to improve the lives of the world's poor.

___ The United States has a moral obligation to provide humanitarian aid wherever it is needed.

Creating Your Own Option

Your next assignment is to create an option that reflects your own beliefs and opinions. You may borrow heavily from one option, or you may combine ideas from two options. Or you may take a new approach altogether. There are, of course, no perfect solutions. And there is no right or wrong answer. Rather, you should strive to craft an option that is logical and persuasive. Be careful of contradictions. For example, most of our aid budget should not flow to the IMF if we hope to increase funding of education for girls.

Your Option Four

Instructions: In this exercise, you will offer your own recommendations for U.S. policy toward the developing world. Your responses to "Focusing Your Thoughts" should help you identify the guiding values of your proposal.

1. What values should guide U.S. policy toward the developing world?

2. What are the most important obstacles to development in the developing world?

3. What aid, trade, and investment policies should the United States pursue to put your values into action?

4. What are the two strongest arguments opposing your option?

   a.

   b.

5. What are the two strongest arguments supporting your option?

   a.

   b.

Name:

Applying Your Option Four

Instructions: Below is background information about developing countries in sub-Saharan Africa, Latin America, and Southeast Asia. Apply the policy recommendations you outlined in "Your Option Four" to each country. The "Questions for Consideration" will help you sharpen your strategy.

Malawi

Overview: The African nation of Malawi ranks among the world's poorest and least developed countries. The economy is mainly agricultural, with about 90 percent of the population living in the countryside. Only half of Malawi's people have access to safe drinking water and many of the country's children do not have an opportunity to attend school. Nonetheless, recent events have given Malawians cause for hope. Democratic elections in 1994 ended thirty years of dictatorial rule in Malawi and gained the country international respect. Wealthy nations, led by the United States, have taken a new interest in promoting economic development and democracy in Malawi. Malawi's government has responded by pursuing a policy of reform. Particular attention has been paid to boosting the country's agricultural output. The obstacles facing Malawi's farmers, however, are daunting. High population density in the countryside has led to a shortage of good farmland, resulting in deforestation and soil erosion. In addition, the country suffers from one of the highest rates (16%) of HIV infection in the world.

Area: 45,743 square miles (slightly smaller than Pennsylvania)
Percentage of arable land: 18%
Population: 9.7 million
Annual population growth rate: 2.3%
Life expectancy: 38 years
Adult literacy: 58%
Per capita GDP: $1,636 (2000)
Exports: $431 million (2000)
Imports: $672 million (2000)
Main trading partners: South Africa, U.S. Japan, Zimbabwe
Foreign debt: $1.5 billion (1999)
U.S. economic assistance: $35 million (2000)
Total economic assistance: $454 million (2000)
Defense spending: 0.76% of GDP (2000)

Peru

Overview: Peru underwent a dramatic turn-around the 1990s. During the 1980s, the country was threatened by radical guerrilla movements, skyrocketing inflation, and crippling foreign debt. Following the election of Alberto Fujimori as president in 1990, Peru accepted stringent economic reforms recommended by the IMF and the United States. Fresh foreign investment contributed to an economic upswing. Peru also struck hard against Peru's guerrillas, prompting criticism from the United States about human rights abuses. U.S. officials, however, remain eager for Peru's cooperation in curbing drug trafficking. Peru produces a large share of the world's coca leaves (the base for cocaine). Since 1995, U.S.-sponsored drug-control efforts have led to a decrease in coca leaf production. Nonetheless, the poverty that compels many Peruvians to enter the drug trade remains widespread, especially in the countryside.

Area: 496,198 square miles (slightly smaller than Alaska)
Percentage of arable land: 3%
Population: 27 million
Annual population growth rate: 1.7%
Life expectancy: 70 years
Adult literacy: 89%
Per capita GDP: $4,550 (2000)
Exports: $7 billion (2000)
Imports: $7.4 billion (2000)
Main trading partners: U.S. Japan, Germany, Colombia
Foreign debt: $31. billion (2000)
U.S. economic assistance: $128 million (2000)
Total economic assistance: $451 million (1999)
Defense spending: 1.9% of GDP (2000)

Indonesia

Overview: The fourth most populous country in the world, Indonesia experienced economic growth averaging 7 percent annually from 1991 to 1996. The Southeast Asian financial crisis that began in 1997, however, brought Indonesia's economic expansion to a halt and sparked bloody riots. Much of the violence was directed against Indonesia's ethnic Chinese minority, which dominates the country's business. Southeast Asian leaders fear that another round of anti-Chinese violence could trigger an outflow of refugees and provoke China to intervene. In early 1998, Indonesia's dictatorial leader of more than three decades, President Suharto, resigned from office. Political instability has continued to threaten since. Indonesia's economic output shrank about 18 percent in 1998, but has begun to grow slowly since then. Unemployment is around 20%. Indonesia has relied most heavily on Japan as a trading partner, investor, and provider of economic assistance. U.S. trade and investment has also played a key role in Indonesia's economic growth. Indonesia's development has been based primarily on the export of manufactured goods produced by low-wage industries. Indonesia's abundant reserves of oil, gas, and other natural resources have helped fuel the country's growth. In the process, the island nation's environment, especially its lush rainforests, has been seriously harmed.

Area: 741,057 square miles (about one-fifth the size of the United States)
Percentage of arable land: 10%
Population: 228 million
Annual population growth rate: 1.6%
Life expectancy: 68 years
Adult literacy: 84%
Per capita GDP: $2,900 (2000)
Exports: $64.7 billion (2000)
Imports: $40 billion (2000)
Main trading partners: Japan, U.S., Singapore, South Korea
Foreign debt: $144 billion (2000)
U.S. economic assistance: $108 million (2000)
Total economic assistance: $2.0 billion (1999)
Defense spending: 1.3% of GDP (1999)

Questions for consideration

1. Based on the recommendations you outlined in "Your Option Four," what values should guide U.S. policy in each country.

   Malawi:

   Peru:

   Indonesia:

2. Propose specific assistance programs or trade/investment initiatives for each country. To what degree should the United States cooperate with international organizations in pursuing its efforts?

   Malawi:

   Peru:

   Indonesia:

3. Which of the three countries should receive the most assistance from the United States? (Explain the values underlying your recommendation.)

Key Terms

Introduction and Part I

developing world
foreign aid
economic output
Cold War
foreign debt
communist bloc
trade surpluses
foreign investment
recession
financial markets
stable currency rates
structural adjustment
imports
exports
low-wage labor
industrializing countries
foreign investment
economic development
free-market reforms
authoritarian
primary education
free trade
tariffs
sovereign state
diplomatic intervention

Part II: Case Studies in Aid Policy

poverty line
GNP
development
security interests
democratic values
debt crisis
human rights
foreign lenders
central bank
famine
lobbying

U.S. Aid Toolbox

Cold War: The Cold War was the dominant foreign policy problem for the United States and Russia between the late 1940s and the late 1980s. Following the defeat of Hitler in 1945, Soviet-U.S. relations began to deteriorate. The United States adopted a policy of containing the spread of Soviet communism around the world, which led to, among other things, U.S. involvement in Vietnam. During this period both Russia and the United States devoted vast resources to their military, but never engaged in direct military action against each other. Because both the Soviet Union and the United States had nuclear weapons and were in competition around the world, nearly every foreign aid policy decision was intricately examined for its potential impact on U.S.-Soviet relations. The end of the Cold War forced policy makers to struggle to define a new guiding purpose for their foreign policy as well as for foreign aid spending priorities.

Globalization: The term globalization is used to describe today's changing international economic environment. The end of the Cold War and the rapid growth of new technologies in computing, communication, and transportation have created the conditions for a highly dynamic and more open world economy. With these technological advances, the cost of doing business around the world has dropped significantly. At the same time, the conclusion of the Uruguay Round of the GATT and the formation of the WTO in 1993, encouraged increased trade between nations. These conditions combined to create not only economic opportunity but also economic, cultural, and social dislocation. While the WTO has set standards for international trade that create economic opportunities, activists have begun to demand that the WTO also deal with the issues of dislocation. Globalization has come to be seen as a positive force by some and a destructive force by others.

Free Trade: Free trade is a mainstay of U.S. foreign policy. Advocates of free trade believe that all barriers to trade between nations should be at the lowest possible levels. In the early 1800s, the English economist David Ricardo outlined the benefits of trade between nations. His argument states that each and every nation has a comparative advantage in producing a certain good and stands to benefit by trading that good. Advocates still cite Ricardo and argue that free trade will help the poorest countries enter the developed world. Critics warn of a "race to the bottom," where the lowest wages, environmental standards, etc., will prevail in the market-place.

Human Rights: Equal and inalienable rights for all members of the human family. After the horrors of World War II, nations initiated efforts to develop international standards to protect people from individuals, groups, or nations. There is debate at home and abroad about the nature and scope of human rights. Some believe that human rights exist to protect individuals' civil and political freedoms. Civil and political rights include the right to life, liberty and personal security, freedom from slavery, torture and arbitrary arrest, as well as the rights to a fair trial, free speech, free movement, and privacy. Others have argued that there are economic, social, and cultural rights as well. These include economic rights related to work, fair pay, and leisure; social rights concerning an adequate standard of living for health, well-being and education; and the right to participate in the cultural life of the community. International consensus is growing that human rights should encompass the full spectrum spanned by these viewpoints.

Non-governmental organizations (NGOs): NGOs are non-profit, private organizations with a particular interest in a public policy issue. There hundreds of development and humanitarian NGOs. NGOs not only lobby governments to achieve their goals, but more and more they fulfill the role of governments by pursuing their goals in the field. Many governments contract with NGOs to provide assistance overseas. The number of NGOs have grown rapidly in the past fifteen years. One example of an humanitarian NGO is The International Red Cross, well known for its work in providing assistance in international disasters.

Making Choices Work in Your Classroom

Like the art of cooking, cooperative group learning is a skill that is rarely perfected on the first attempt, either by teachers or students. Yet with careful preparation, guidance, and practice significant gains can be made quickly. No single recipe guarantees success with cooperative learning or the Choices approach in every classroom. That would be impossible, since each classroom differs in its organization and size, and its unique collection of personalities and needs. However, this section of the Teacher's Resource Book offers a variety of ingredients for teachers to use as they adapt Choices curricula to their classrooms. The suggested ingredients that follow have been drawn from educational research on student-centered instruction and, more important, from the experiences of teachers who have used Choices curricula successfully in their classrooms. Educators who have questions about using Choices curricula in their classrooms are encouraged to contact the Choices Education Program in writing, or by calling (401)863-3155. The Choices staff includes experienced classroom teachers who will be pleased to speak with you.

Designing Cooperative Learning Groups

Group Size: The key to successful cooperative group work is having a group assignment that is complex enough to require the participation of all group members. Planning the size and composition of working groups in advance is crucial to the successful use of Choices curricula. Research indicates that the ideal size for a cooperative learning group is four or five students. This is certainly the ideal size for group assignments in Choices units. When using Choices units in larger classes, the size of option groups may be expanded to six or seven students. However, it is important to keep in mind that whenever the number of students in a group is increased, the number of roles and expected outcomes must also be expanded.

Group Composition: A strength of cooperative learning is that it creates opportunities for students to work together in new combinations on challenging tasks. Cooperative learning not only requires the academic skills of reading, writing, and critical thinking, but the interpersonal skills of communication, negotiation, and problem-solving. In most cases, this style of instruction and learning is most effective when students are assigned to groups by the teacher rather than being allowed to work with their friends. While random group selection can be effective, in most classes successful group composition requires that the teacher consider the personalities, strengths, and needs of the students.

Groups comprised of students with diverse strengths, talents, and needs are ideal. For example, artistic students might be assigned to different groups to share their talents and perspectives, while less verbal students could be placed in groups with more outgoing students to help draw them into the lesson. Whenever possible, teachers should try to prevent one student from dominating a group. Explaining the instructions, roles, and ground rules for cooperative learning (see below) helps prevent this. Teachers may choose to group aggressive students with each other, leaving room in other groups for less assertive students to emerge as leaders. Finally, even though the negotiation of roles among the students in a group can be a valuable part of the cooperative learning experience, teachers might choose to assign certain roles, such as group spokesperson, in order to encourage leadership from more reticent students and to keep more aggressive students from dominating.

Students may initially complain about being assigned to groups that do not include their closest friends. We have found that, at the conclusion of the assignment, they will usually express satisfaction with their assigned partners, recognize that they got more accomplished, and sometimes even acknowledge the start of new friendships. The additional time involved in planning group size and composition will pay off when students are actively engaged, debating, and thinking critically.

Preparing Students for Cooperative Learning

Provide Clear Written Instructions: As with any assignment, students benefit from instructions and guidelines that clearly outline expectations and how they will be accomplished. These should be given to students in writing and reviewed with the class. Afterwards, as questions arise within groups, students should refer to the written instructions and attempt to answer each other's questions before asking for the teacher's assistance.

Establish Ground Rules: Especially when cooperative learning is a new experience, students benefit from the establishment of ground rules that are explained before groups are formed. Ground rules must be kept simple, and should be designed to keep students involved and on task. Posting these rules in a prominent place in the classroom can be very effective. An example of simple but effective ground rules for the cooperative group assignments could be:

Everybody has a role (or a job)
Everybody participates
Nobody dominates
Nobody interrupts

These rules can be enforced by appointing one student to serve as the group manager. The teacher can make it clear that one of the group manager's responsibilities is to enforce the ground rules as the group explores its assigned option and prepares its presentation. The group manager might also be required to make sure that members of the group stay on task and attempt to solve problems before asking for the teacher's assistance. Ground rules that are clear and used consistently can, over time, become an integral component of the classroom, facilitating learning and keeping students on task.

Managing the Choices Simulation

Recognize Time Limitations: At the heart of the Choices approach is the role-play simulation in which students advocate different options, question each other, and debate. Just as thoughtful preparation is necessary to set the stage for cooperative group learning, careful planning for the presentations and debate can increase the effectiveness of the simulation. Time is the essential ingredient to keep in mind. A minimum of 45 to 50 minutes is necessary for the presentations and debate. Hence, if only one class period is available, student groups must be ready as soon as class begins. Teachers who have been able to schedule a double period or extend the length of class to one hour report that the extra time is beneficial. When necessary, the role-play simulation can be run over two days, but this disrupts the momentum of the debate. The best strategy for managing the role-play is to establish and enforce strict time limits, such as five minutes for each option presentation, ten minutes for questions and challenges, and the final five minutes of class for wrapping up the debate. It is crucial to make students aware of strict time limits as they prepare their presentations.

Highlight the Importance of Values: During the debate and debriefing, it is important to highlight the role of values in the options. Students should be instructed to identify the core values and priorities underlying the different options. The "Expressing Key Values" worksheet is designed to help students incorporate the values into their group presentations.

Moving Beyond the Options

As a culminating activity of a Choices unit, students are expected to articulate their own views of the issue under consideration. An effective way to move beyond the options debate to creating individual options is to have students consider which values in the options framework they hold most dear. Typically, students will hold several of these values simultaneously and will need to prioritize them to reach a considered judgment about the issue at hand. These values should be reflected in their own options and should shape the goals and policies they advocate.

Adjusting for Large and Small Classes

Choices units are designed for an average class of twenty-five students. In larger classes, additional roles, such as those of newspaper reporter or member of a special interest group, can be assigned to increase student participation in the simulation. With larger option groups, additional tasks might be to create a poster, political cartoon, or public service announcement that represents the viewpoint of an option. In smaller classes, the teacher can serve as the moderator of the debate, and administrators, parents, or faculty can be invited to play the roles of congressional leaders. Another alternative is to combine two small classes.

Assessing Student Achievement

Grading Group Assignments: Research suggests that it is counterproductive to give students individual grades on cooperative group assignments. A significant part of the assignment given to the group is to cooperate in achieving a common goal, as opposed to looking out for individual interests. Telling students in advance that the group will receive one grade often motivates group members to hold each other accountable. This can foster group cohesion and lead to better group results. It may be useful to note that in addition to the cooperative group assignments, students complete individual assignments as well in every Choices unit. The "Assessment Guide for Oral Presentations" on the following page is designed to help teachers evaluate group presentations.

Requiring Self-Evaluation: Having students complete self-evaluations is an extremely effective way to make them think about their own learning. Self-evaluations can take many forms and are useful in a variety of circumstances. They are particularly helpful in getting students to think constructively about group collaboration. In developing a self-evaluation tool for students, teachers need to pose clear and direct questions to students. Two key benefits of student self-evaluation are that it involves students in the assessment process, and that it provides teachers with valuable insights into the contributions of individual students and the dynamics of different groups. These insights can help teachers to organize groups for future cooperative assignments.

Evaluating Student Options: The most important outcomes of a Choices unit are the original options developed and articulated by each student. These will differ significantly from one another, as students identify different values and priorities that shape their viewpoints. These options cannot be graded as right or wrong, but should be evaluated on clarity of expression, logic, and thoroughness. Did the student provide reasons for his/her viewpoint along with supporting evidence? Were the values clear and consistent throughout the option? Did the student identify the risks involved? Did the student present his/her option in a convincing manner?

Testing: In a formal evaluation of the Choices approach, it was demonstrated that students using Choices learned the factual information presented as well as or better than students who were taught in a more traditional lecture-discussion format. However, the larger benefits of the Choices approach were evident when students using Choices demonstrated significantly higher ability to think critically, analyze multiple perspectives, and articulate original viewpoints, compared to students who did not use this approach. Teachers should hold students accountable for learning historical information, concepts, and current events presented in Choices units. However, a simple multiple-choice examination will not allow students to demonstrate the critical thinking and communication skills developed through the Choices unit. If teachers choose to test students, they may wish to explore new models of test design that require students to do more than recognize correct answers. Tests should not replace the development of student options.

For Further Reading: Cohen, Elizabeth G. *Designing Groupwork: Strategies for the Heterogeneous Classroom* (New York: Teachers College Press, 1986).

Assessment Guide for Oral Presentations

Group assignment: _____

Group members: _____

_____

Group Assessment	*Excellent*	*Good*	*Average*	*Needs Improvement*	*Unsatisfactory*
1. The group made good use of its preparation time	5	4	3	2	1
2. The presentation reflected analysis of the issues under consideration	5	4	3	2	1
3. The presentation was coherent and persuasive	5	4	3	2	1
4. The group incorporated relevant sections of the background reading into its presentation	5	4	3	2	1
5. The group's presenters spoke clearly, maintained eye contact, and made an effort to hold the attention of their audience	5	4	3	2	1
6. The presentation incorporated contributions from all the members of the group	5	4	3	2	1
Individual Assessment					
1. The student cooperated with other group members	5	4	3	2	1
2. The student was well-prepared to meet his or her responsibilities	5	4	3	2	1
3. The student made a significant contribution to the group's presentation	5	4	3	2	1

Alternative Three-Day Lesson Plan

Day 1: See Day Two of the Suggested Five-Day Lesson Plan. (Students should have read Part II and Part III of the background reading and completed "Study Guide — Parts II and III" before beginning the unit.)

Day 2: Assign each student one of the three options, and allow a few minutes for students to familiarize themselves with the mindsets of the options. Call on students to evaluate the benefits and trade-offs of their assigned options. How do the options differ in their assumptions about the problems and challenges presented by the developing world? What is the international image of the United States projected by each of the options? What are the main differences in the policy recommendations of the options? Moving beyond the options, ask students to imagine that they have been called upon to advise the president on U.S. policy toward the developing world. What concerns would be at the top of their agendas? Which values should guide the direction of U.S. policy?

Homework: Students should complete "Focusing Your Thoughts" and "Your Option Four."

Day 3: See Day Five of the Suggested Five-Day Lesson Plan.

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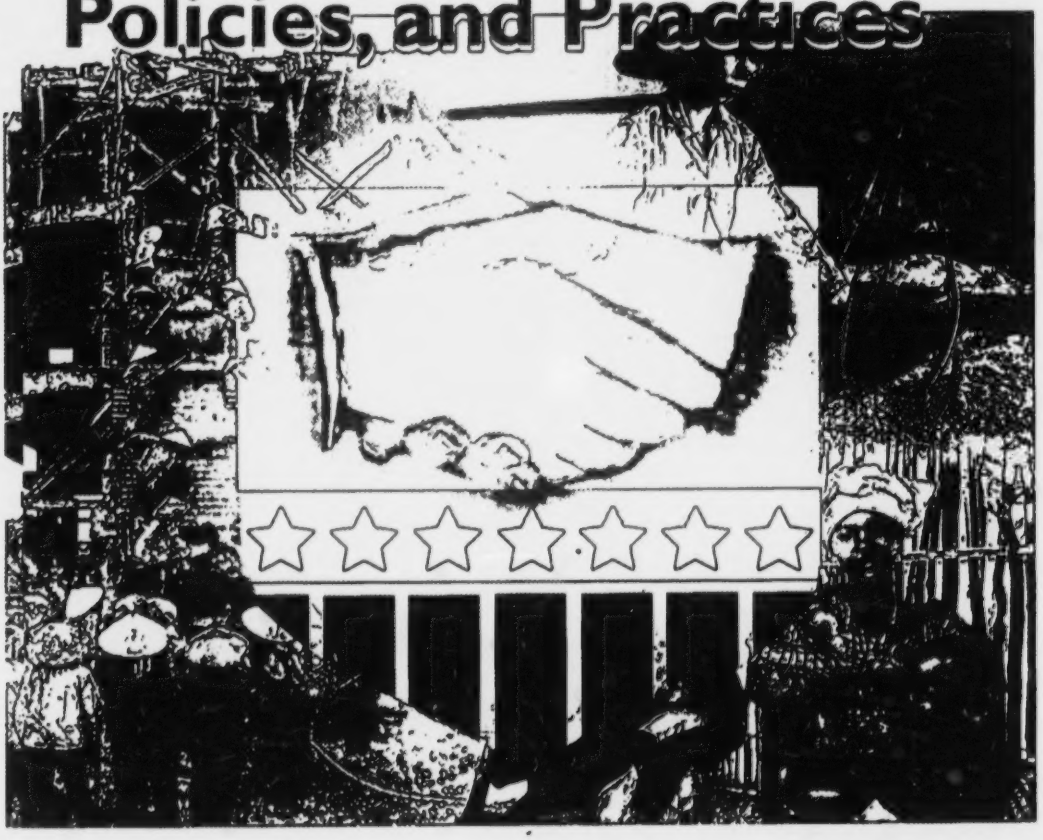
Dilemmas of Foreign Aid: Debating U.S. Priorities, Policies, and Practices



PUBLIC POLICY DEBATE IN THE CLASSROOM

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Thomas J. Biersteker
Director, Watson Institute for International Studies

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Introduction: The Evolution of U.S. Foreign Aid

In May 2001, Secretary of State Colin Powell visited four African countries—Kenya, Mali, South Africa, and Uganda. What was most remarkable about Powell's trip was that it came so early during a new presidential administration—the earliest trip ever made by a secretary of state to Africa.

Powell's visit signaled a U.S. interest in sub-Saharan Africa (the countries of the continent that do not border the Mediterranean), an unstable region with 48 countries and 600 million residents. His presence raised questions about what priorities would shape U.S. policy toward the more than 150 poor countries in Asia, Africa, and Latin America that together make up what is known as the "developing world."

While Americans are accustomed to seeing U.S. leaders meet with their counterparts from other wealthy or strategically important nations (such as those in Western Europe, the Middle East, or North America as well as Japan, Russia, and China), the nations of the developing world rarely command the U.S. public's attention.

The imbalance is all the more striking in light of the developing world's growing significance. Over four-fifths of the world's six billion people live in developing countries. Together, they account for nearly half of the world's economic output. U.S. economic ties to developing nations are steadily growing through trade and investment. In coming decades, the threats posed by HIV/AIDS, environmental issues, terrorism, drug trafficking, and other problems will increase the developing world's impact on the planet.

The United States allocates fewer resources to foreign aid today than it did during previous decades. Nonetheless, foreign aid is still an influential and controversial component of U.S. foreign policy.

"Foreign assistance is sometimes the most appropriate foreign policy tool, when diplomacy is not enough or military force imprudent.... As a great power, I believe America's foreign assistance both serves to accomplish our foreign policy objectives, and expresses the deep humanitarian instincts of the American people."

Andrew Natsios, Director, U.S. Agency for International Development

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Dave Horsey in the *Seattle Post-Intelligencer*

What are common misperceptions about foreign aid?

In recent years, foreign aid spending worldwide has declined, driven in part by aid budget cuts in the United States. In the early 1990s, the United Nations proposed that countries devote 0.7 percent of their gross domestic product (GDP) to development assistance. Only a handful of nations meet that target today. Among the world's twenty-two wealthiest nations, the United States ranked last in 2000 in the proportion of its economic output devoted to economic assistance, though it ranked second in dollars provided.

From a peak of $26 billion in 1985, America's foreign aid spending declined sharply in the 1990s. In 2000, roughly $8.6 billion was spent on international economic assistance and humanitarian relief, out of a total budget of $1.668 trillion. An additional $7 billion went toward military and security aid abroad. Today, U.S. foreign aid is less than 0.1 percent of our GDP.

While the United States has relinquished its

leadership role in foreign aid, most Americans assume that our country remains at the fore. Public opinion surveys show that the average American estimates that foreign aid amounts to about 15 percent of our country's federal budget. In reality, the $15 billion spent on international assistance in 2000 accounts for under 1 percent of the U.S. budget. Private charities dedicated to improving life overseas collected roughly $3.6 billion in the United States in 1999.

Fewer dollars mean that U.S. leaders today must struggle to define the purpose of U.S. foreign aid and the best methods for achieving these goals.

How did the Cold War and its end affect U.S. foreign aid?

It was not so long ago that America's mission in the developing world appeared much more clear-cut. From the late 1940s until the late 1980s, most Americans saw the world as divided into two camps. On one side were the United States and its allies. On the other side were the Soviet Union and the other states of the communist bloc. The so-called "Third World" consisted of the poor nations of Asia, Africa, and Latin America that were not closely aligned with one of the superpowers.

What is Foreign Aid?

Humanitarian Assistance: When Americans think of the foreign aid, they are likely to think of a wide variety of things. The type of foreign aid most in the public eye is perhaps humanitarian assistance—relief after hurricanes or earthquakes or perhaps food to starving families displaced by war. But humanitarian relief represents only a fraction of the U.S. foreign aid budget and while there are debates about how well the various kinds of relief works, in general disaster relief is not controversial for most U.S. citizens.

Military and Security Aid: The United States often provides military aid to nations whose policies we want to support. Military aid can consist of equipment or training. The United States can also send military advisors to a particular country to assist that country's armed forces. They can even send troops to provide security or to bolster or replace the military forces of a particular country. Over the years, this type of aid has generated a great deal of controversy both in the United States and abroad.

Economic Stabilization: Another category of aid and assistance is the money provided to help stabilize a country's economic system in times of crisis. The United States often works in conjunction with the International Monetary Fund (IMF) and other countries to ensure global financial stability. An example is the money the United States loaned to Mexico in 1995 to save Mexico from defaulting on its foreign debt payments.

Development Assistance: This category of aid encompasses the widest variety of programs and the biggest share of the U.S. budget today. In short, the purpose of these programs is to alleviate poverty in a world where 1.2 billion people live on less than a dollar a day, nearly a billion people suffer from hunger, and over one hundred million children are not in school. U.S. policy-makers hope to alleviate this poverty by developing strong market economies. They believe that this means encouraging not only economic and agricultural development, but also protecting the long-term health of the environment, nurturing democracy and good governance, and improving the education and training of people. Another important component of development assistance involves stabilizing populations and having strong programs to address maternal and child health, nutrition, women's reproductive health, HIV/AIDS, and other infectious diseases. However, there is a great deal of debate on how, or even if, U.S. aid can contribute to long-term development in poor countries. For example, some see the developing world as a bottomless pit of problems, others think more in terms of economic competition and opportunity for American businesses, still others see a moral obligation to help those in need.

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U.S. foreign aid was viewed mainly as a tool for containing the spread of communism. The United States was the world's leading provider of foreign aid in order to win over Third World leaders in our country's Cold War struggle against the Soviet Union.

Following the collapse of the Soviet Union in 1991, the old divisions of international relations have broken down and the goals of development aid and U.S. assistance have evolved. For example, during the Cold War, Africa was the scene of a tug-of-war between the United States and the Soviet Union. Much of the foreign aid channeled to the continent arrived in the form of military equipment. During the 1980s, the top recipients of American assistance in the region were Somalia, Zaire, Liberia, and Sudan—all key components in U.S. Cold War strategy.

Since the end of the Cold War, the United States has emphasized fostering responsible government over rewarding loyal Cold War allies. As a result, the U.S. aid program in Zaire was shut down because of the refusal of Zairian President Mobutu Sese Seko to take steps against corruption and government waste. One of the major U.S. aid programs also pulled out of Sudan to protest government policies there.

In addition, the focus in Washington shifted away from military and security aid to helping developing countries grow their economies. The belief in Washington was that a healthy increase in international trade and foreign investment would eventually allow poor societies to escape poverty and eliminate the need for aid altogether. The rapid progress of Southeast Asian economies, such as those of Thailand and Malaysia, seemed to justify the optimism. Throughout the 1990s, Thailand and most of its neighbors in Southeast Asia won admiration in the United States for spurring their economies forward and lifting millions of people out of poverty.

How did the 1997 Asian financial crisis affect U.S. policy toward the developing world?

Beginning in mid-1997, the same Southeast Asian countries that were hailed as rising stars were shaken by financial crisis. Within a year, the crisis had choked off foreign investment throughout most of the developing world and threatened to tip the global economy into recession. Other Southeast Asian nations were the first to feel the ripple effect, but it soon extended well beyond the region. By the fall of 1998, countries as diverse as Russia and Brazil faced severe economic downturns that could be traced back to the crisis in Southeast Asia. Americans came to recognize that their own economy was vulnerable as well.

The economic crisis has also highlighted the fragility of the international economic system, especially for developing countries. Until 1997, the spread of free-market principles in the developing world appeared to be paying off. From $34 billion in 1988, foreign investment in developing countries soared to $368 billion in 1996. The dramatic upward trend, however, masked the fact that most of the money went to buy stocks and other assets that could be quickly transferred to other markets offering higher returns. In Southeast Asia, for example, the economic crisis set off a wave of selling by foreign investors in the region. Overall, foreign investment in the developing world fell to $119 billion in 1999.

Moreover, significant foreign investment has yet to reach most poor countries. Even in 1996, only a handful of East Asian economies attracted the bulk of foreign investment going to the developing world. Meanwhile, the same wealthy countries providing foreign investment continued to reduce their spending on foreign aid.

Southeast Asia's slump has called into question the economic prescriptions that have been the bedrock of U.S. strategy in the developing world. The consensus that formed during Southeast Asia's boom years has been shattered. Since the Asian economic crisis there has been controversy about the role of U.S. foreign aid. The economic crisis that began in Thailand helped to highlight some of the dilemmas of U.S. foreign aid policy.

In this unit, you will take a fresh look at our country's role in the world and, in particular, at the direction of U.S. aid policy. The background reading has been designed to help you reach your own conclusions. Part I identifies the primary areas of controversy today. Part II contains case studies that examine different kinds of U.S. foreign aid and explores some of the issues and dilemmas behind each.

Part I: Clarifying the U.S. Policy Debate

The East Asian crisis quickly taught the world about the workings of an interconnected global economy and fueled debate about U.S. aid policy. The global economy itself is not a new concept. Trade began stitching the economies of the world together soon after the birth of the first civilizations. In recent years, however, changes in technology and economic policy have spurred the pace of the world's economic growth at speeds previously unseen. Advances in telecommunications and the expansion of the internet have created a global marketplace for stocks, currencies, and other investments. Huge sums of money flow in and out of countries with the click of a mouse. This rapid growth is often referred to as globalization.

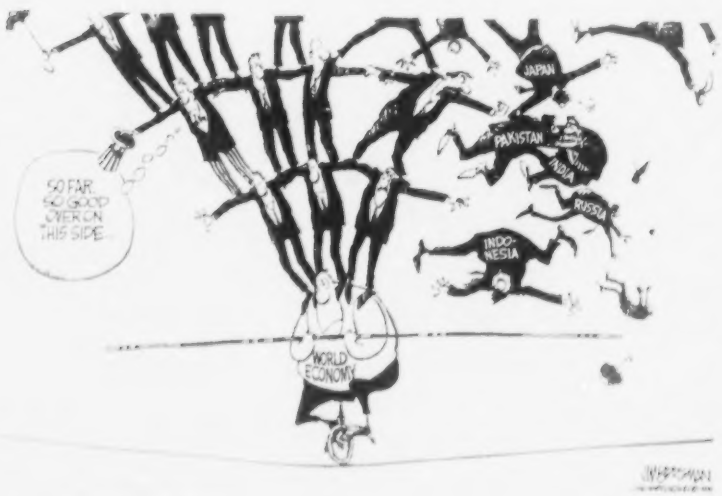
As globalization increases, its effects—both positive and negative—on the developing world are emerging more clearly. This has caused debate to intensify about the nature of U.S. foreign aid. In recent years, the IMF and the World Bank—both significant vehicles of U.S. foreign aid—have been sharply criticized by some who say the organizations' policies serve the interests of the large donor nations but are often damaging to developing countries. The effects of foreign trade, long a mainstay of U.S. aid policy, also look different in a globalized economy. As the United States has focused more on development assistance, there have been occasional clashes between American cultural values and those of the developing countries receiving that assistance. In short, the goals, means, and priorities of U.S. foreign aid face new challenges in a world of increasing globalization.

How has economic globalization contributed to financial crises?

Now that the global economy is more interconnected than ever, world leaders are devoting more energy to shielding their countries from its sharp edges. Since the East Asian crisis, the emphasis has been on managing abrupt swings in international financial markets.

Foreign investors have an enormous ability to sway the economies of developing nations. In 1996, for example, developing countries received $308 billion in foreign investment. Investors from the developed world pushed stock markets in East Asia, Latin America, and Russia to record highs. But after the East Asian crisis, the money flowed out just as fast as it had flowed in. In 1999, foreign investment in the developing world dropped to only $119 billion.

The decline in foreign investment rocked many of the emerging economies of the developing world. In Southeast Asia, years of steady growth were suddenly reversed. Unemployment in Indonesia's cities reached 40 percent. In Thailand, hundreds of thousands of factory workers lost their jobs and were forced to return to their native villages to survive.



Jim Borgman. Reprinted with permission.

International Monetary Fund (IMF)

There is confusion about America's relationship with the IMF and the World Bank, two of the most important organizations influencing the international economy. Both institutions are heavily supported by the United States and both are heavily influenced by the wishes of U.S. policymakers.

Responsibility for maintaining the stability of the international financial

system has fallen largely to the IMF. As the largest contributor, the United States holds the most clout in charting IMF policies. The IMF, however, operates much like a credit union. Its 183 member nations deposit money with the fund according to their wealth and may request short-term loans to weather financial crises. IMF loans, however, come with strings attached. To receive these loans, the IMF requires governments to undertake a "structural adjustment" program.

What is structural adjustment?

In the early 1980s, many developing world governments faced paying off debts that they had incurred to foreign investors and banks during the oil crisis of the early 1970s. Government officials and bankers in the developed world turned up the pressure to collect their loans and prodded developing nations to accept their standards for international commerce. The job of the IMF, in particular, was to administer bitter economic medicine to the debtors of the developing world. To be eligible for new loans, debtor nations were required to undertake "structural adjustment" programs supervised by the IMF.

Developing world officials were expected to cut government spending, restrict the money supply to control inflation, reduce corruption and tax evasion, increase exports, and lower barriers to international trade. Without the stamp of approval from the IMF, developing countries found that private banks, as well as the World Bank, were unlikely to offer them new loans.

In the case of Southeast Asia, the IMF pressed governments in the region to cut their ties to local businesses, open their banking systems to foreign competition, and reduce spending.

How did structural adjustment change the developing world?

Structural adjustment has changed the political and economic landscape of much of the developing world. In many developing countries, rulers had based their regimes on support from government bureaucrats and other employees of the state. Policies favored the interests of cities over those of the countryside. Farmers, for example, were typically expected to sell their crops to the government at low prices. In turn, government officials provided city dwellers with cheap food and sold export crops for higher prices on the world market. Farmers were unable to make the profits they could have if they had been allowed to sell their crops at market prices.

> *"The IMF has an ideology of political and social development which it is trying to impose on poor countries irrespective of their own clearly stated policies."*
> *—Julius Nyerere, former president of Tanzania*

Even under the best of circumstances structural adjustment has often produced contradictory results. For example, while structural adjustment forced rulers to cut spending by laying off inefficient government bureaucrats, it also forced them to cut back on public services, such as the subsidies that held down food prices.

Structural adjustment also ended many of the special arrangements that gave government supporters monopoly control over imports and exports. The IMF's emphasis on free trade called on developing countries to lower their trade barriers and seek out new export markets. In fact, more open trade policies gave many consumers their first chance to buy American cigarettes, Japanese watches, and other foreign products. Imports in most Third World nations shot up. Meanwhile, the drive to boost exports led to a worldwide glut of commodities from the developing world. Third World countries offered many of the same exports, such as coffee, thus pushing down prices for everyone.

What are the criticisms of the IMF's policies?

The IMF has been the target of criticism from several angles. Critics in the developing world view the fund as a tool of wealthy nations, particularly the United States. They contend that the IMF's policies are intended to stymie their economic development while safeguarding the interests of Western investors. In the United States, criticism is most often directed at the IMF's failure to root out corruption and waste in the

developing world. They argue that IMF loans often allow bloated governments to put off difficult free-market reforms.

The IMF's policies aside, the East Asian crisis also drew attention to the fund's limited resources. Developed nations, especially the United States, have been reluctant over the years to increase their contributions to the fund. As a percentage of global trade, the IMF's reserves are now much smaller than they were in the past. Yet economic globalization has raised the risks of future financial crises. Economists warn that the IMF may not be able to prevent the next regional downturn from turning into a global depression.

The World Bank

The World Bank acts to channel money from wealthy nations to projects in the developing world. Today the World Bank is the world's largest external funder of education projects, programs to prevent the spread of HIV/AIDS, and other health programs. Much of the bank's funding is derived from interest paid by borrowing countries. As with the IMF, the United States is both the World Bank's largest donor and its most influential member. In 2000, the United States contributed about $1.1 billion. In turn, the World Bank's headquarters in Washington, D.C., injects about the same sum into the local economy through salaries and contracts for local employees..

"Our dream is a world free of poverty."
—From the World Bank Mission Statement

What are some of the criticisms of the World Bank?

Like the IMF, the World Bank has also been the target of criticism from several sides in recent years. Critics have charged that the bank has failed to take into account the environmental impact of the projects it funds. Some feel that the bank's emphasis on markets doesn't do enough to help the poor. Others criticize the World Bank for conducting its business behind closed doors, without public accountability, and without adequate representation of the world's poor. Still others believe that the World Bank tries to do too much.

Since the end of the Cold War, the authority of the IMF and the World Bank has replaced some of the influence of the United States and the former Soviet Union. For example, the two organizations presently oversee economic reform programs in thirty African countries. The region, however, has a long way to go. Sub-Saharan Africa's debt tops $225 billion, while the region's share of world trade has dropped to 2 percent. In the most heavily indebted countries, governments spend more money on paying off their loans than on social services for their people. These imbalances have caused some people to question the nature of financial policies prescribed by the United States, IMF, and World Bank for developing countries.

Debt Relief

By 2000, developing countries owed foreign lenders roughly $2.3 trillion. In many cases, the foreign aid received by poor nations does not even cover the interest payments on their huge debts. Forty-one of the world's poorest countries are bankrupt and owe over $170 billion to foreign governments, creditors, the IMF, and the World Bank. Six hundred million people in these forty-one countries survive on less than one dollar a day. Most of these highly indebted poor countries (HIPCs) are unable to begin to make payments on the debts, meaning that they face the possibility of paying interest on loans forever. As the debt mountain has grown, debt forgiveness has increasingly become an important feature of foreign aid policy. The United States, for example, forgave $2.7 billion of debt to reward the Polish government for adopting economic reforms in 1989. Likewise, $7 billion of Egyptian debt was written off in gratitude for Egypt's support of the United States during the Persian Gulf War in 1991.

Why is there a debate about debt relief?

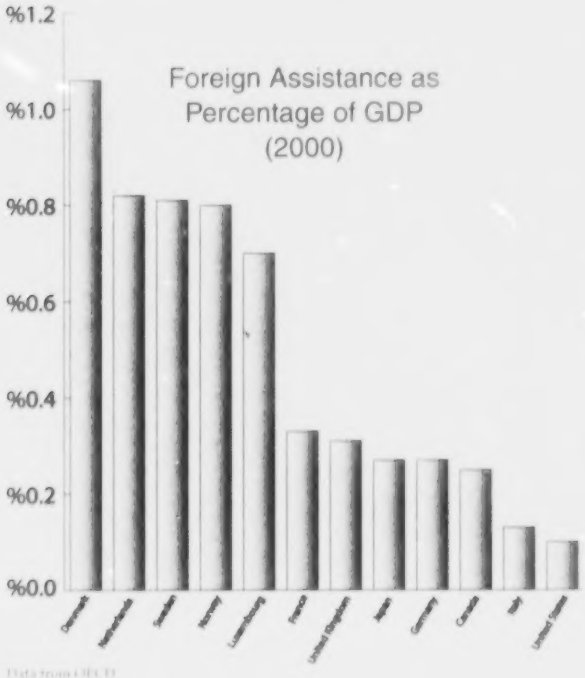
In recent years, the international community has debated providing debt relief to poor countries.

Some argue that forgiving this debt will allow governments to provide basic needs for their citizens. Critics respond that without reform of corrupt and authoritarian governments, debt relief will not help the needy and impoverished—it will only be misused by those who created the debt originally.

USAID

In recent years, the United States Agency for International Development (USAID) has been at the center of the political storm about foreign aid. USAID administers the largest share of our nation's foreign aid budget—about $7.5 billion in 2000. While the funding involved is comparatively small in relation to the rest of the U.S. budget, the role of USAID continues to stir controversy in the United States. The debate is less about money and more about our country's role in the world.

Since the end of the Cold War, the agency has been reorganized and slimmed down. Even with new programs in the former communist states of the old Soviet bloc, USAID has reduced its presence from ninety-eight countries in 1996 to seventy-eight countries in 2000. The agency's budget has been trimmed as well, falling by one-fifth since 1992.



Data from OECD

At the same time, USAID has focused on promoting steady economic growth through free-market economic principles, protecting the environment and holding down population growth, nurturing democracy, and boosting the rights of women and minority groups.

"Foreign assistance is an important tool for the President and the Secretary of State to further America's interests. In general, foreign assistance works hand-in-hand with other foreign policy tools. Foreign assistance implements peace agreements arranged by diplomats and often enforced by the military; foreign assistance supports peacekeeping efforts by building economic and political opportunity; foreign assistance helps developing and transition nations move toward democratic systems and market economies; foreign assistance helps nations prepare for participation in the global trading system and become better markets for U.S exports. All of these activities help build a more peaceful, stable, and prosperous world—which is very much in the interest of the United States."

—Andrew Natsios, Director, USAID

What are the controversies surrounding USAID's policies?

In recent years, USAID has tried to balance demands for economic growth with concern for human needs and the environment. In practical terms, that has meant stressing basic health care, primary education (especially for girls), and small business opportunities for the poor, while also pressing for sensible economic policies. Critics charge that this approach serves to justify continued government control of the economy in poor countries, feeds corruption, and stifles free-market reform.

USAID's emphasis on nurturing democracy and women's rights has likewise sparked debate. USAID officials contend that the United States should use foreign aid as a means for advancing America's political and social values. In their view, economic

development goes hand-in-hand with democratic values and expanded opportunities for women. They point out that educating women pays off in lower birth rates and improved health care. They favor American support for opposition political parties, independent newspapers, human rights groups, and other institutions that act as the foundation of a democratic political system.

Critics consider efforts to implant the values of our society in developing countries as misguided, if not outright dangerous. In countries where the population is sharply divided along ethnic or religious lines, critics note, introducing political parties and elections tends to magnify local tensions. Similarly, they warn that placing special emphasis on women often cuts against the grain of long-held traditions and breeds resentment against American meddling.

Trade and Aid

Today, trade and investment are often put forward as an alternative to foreign aid to boost the fortunes of the developing world. Developing countries (including the nations of the former Soviet bloc) already purchase nearly 45 percent of U.S. exports, and their share is expected to rise in the 21st century. The United States continues to attempt to build stronger trade ties with Latin America and East Asia. The U.S. emphasis on trade as a component of aid policy has a history that can be traced to the origins of the Cold War.

In 1947, the United States took the lead in organizing the General Agreement on Tariffs and Trade (GATT). The GATT laid down a set of ground rules for international commerce among the twenty-three nations that originally signed the accord. Membership in the organization meant acceptance of the free-market economic principles upheld by the United States, Western Europe, and Japan and a rejection of the Soviet system. For that reason, expansion of GATT was a top priority for U.S. policymakers. The United States was willing to allow developing countries to join GATT on special terms. Many were given extra time to lower their import tariffs (taxes on imported goods) and take other steps to open their markets to foreign competition.

In addition, the United States adopted measures on its own that were designed to encourage exports from developing countries. The creation of the the Generalized System of Preferences in 1976 granted special tariff breaks on exports from certain developing countries. The United States also allowed

Trade and Investment in Africa

One example of the U.S. emphasis on trade and investment can be found in U.S. policy toward Africa. The United States hopes to integrate Africa into the global economy by encouraging foreign investment and trade. Sub-Saharan Africa absorbs only about 1 percent of the investment entering the developing world. U.S. policymakers contend that economic and political reform will make the region more attractive to outside investors. They believe that clearly targeted economic assistance can lay the groundwork for later growth. To spur Africa forward, the United States has offered trade benefits to countries that lower import tariffs and reduce the government role in the economy. The United States also forgave over $1.3 billion in debt for twenty countries in the 1990s.

This U.S. policy emphasis also has strong critics. Many of Africa's potential agricultural exports, such as sugar, peanuts, and beef, are kept out of the American market by high import tariffs designed to protect our country's farmers from foreign competition. Meanwhile, American donations to Africa of powdered milk, wheat, and other surplus commodities hold down prices for local farmers.

Former South African President Nelson Mandela and other prominent Africans maintain that the United States' emphasis on trade fails to address Africa's deep-seated problems. Mandela and others argue that the United States must provide more economic assistance and reduce the heavy debt burden of sub-Saharan African nations.

American-made parts shipped abroad for assembly to re-enter the United States free of tariffs. As a result, hundreds of manufacturers set up factories in Mexico near the U.S. border to take advantage of cheap Mexican labor.

What are the controversies surrounding trade and investment as an alternative to foreign aid?

GATT, now known as the World Trade Organization (WTO), today includes more than 143 member states. The WTO has been at the center of controversies in recent years. Critics of the WTO and free trade and investment maintain that losers outnumber winners in the global economy. Among the losers are hundreds of thousands of American workers who have lost manufacturing jobs in recent years and tens of millions of people in the developing world who have been left unemployed or bankrupt by economic turmoil. According to the critics, the winners are mainly rich investors who shift their money from one market to another and big corporations that relocate factories to the developing world to take advantage of low-wage labor. The losers, free-trade opponents assert, are typically found among the working class and the poor.

Supporters of the WTO and more open trade argue that everyone wins when developing economies join the global marketplace. New industries geared toward exports spring up in developing countries, while American consumers benefit from a wider selection of competitively priced products. Likewise, they contend that removing restrictions on financial markets fuels growth in developing economies and gives American investors an opportunity for higher returns.

Humanitarian Assistance

The United States has a long tradition of providing assistance to those suffering from natural or man-made disasters. After the Cold War, with the threat of conflict between the Soviet Union and the United States gone, the world seemed poised to be able to provide more humanitarian aid. No longer would the politics of the Cold War prevent the delivery of aid where it was needed. Policy makers believed that the military could undertake a new role and be used to protect people and ensure the delivery of needed food and medicines.

An early test of this came at the end of the Persian Gulf War in 1991. The international community, led by the United States, decided to protect 3.7 million Kurds in northern Iraq from the Iraqi army and to provide relief supplies. The UN operation set a precedent by intervening in a sovereign state for humanitarian purposes, paving the way for a similar action a year later in the African nation of Somalia.

Why is the United States reluctant to use its military to provide humanitarian assistance?

The United States' experience in Somalia would have a lasting impact on U.S. foreign aid policy. Rival clan leaders there siphoned off much of the $800 million in aid that the United States had pumped into the country during the Cold War. The money fed a civil war that plunged the country into chaos. In 1992, 25,000 American troops were sent to Somalia as part of a United Nations mission to prevent starvation and restore order. After eighteen Americans were killed in a skirmish with the forces of a Somali warlord in 1993, the United States began dismantling its operation. By the time the last American troops withdrew from the East African country in March 1994, Somalia had slipped toward chaos. The final remnants of the UN force were evacuated from the country in 1995, leaving behind a nation without an effective central government.

In the aftermath of events in Somalia, the United States has been reluctant to use its soldiers to protect humanitarian relief efforts. Nonetheless, foreign policy analysts warn that obligations and expectations of the world community will continue to shadow the United States. Moreover, they predict that the international challenges likely to confront the United States in the future will often resemble Somalia. That means that American troops will increasingly be called on to act more like policemen than soldiers, and that U.S. leaders will face a growing list of requests from the international community for foreign aid and diplomatic intervention. As a nation, the United States can expect more difficult choices ahead about when and where to commit U.S. resources.

Part II: Case Studies in Aid Policy

Development Assistance

A discussion of U.S. development assistance policy requires opening a door to a world of hardship that most Americans can scarcely imagine. According to U.S. government estimates, about one in seven Americans lives below our country's official poverty line. Life for America's poor is bleak, but even our country's poorest citizens generally have access to electricity, heating, safe drinking water, free education, and other basic services. In contrast, many of the modern conveniences that Americans take for granted are beyond the reach of the 3 billion people in the developing world who earn less than $2 a day.

Why is there a need for development assistance?

Conditions in Sub-Saharan Africa illustrate the meaning of poverty in much of the developing world. Taken as a whole, the picture in sub-Saharan Africa is indeed grim.

One-quarter of children in sub-Saharan Africa die before their fifth birthday. Less than one-fifth of the region's teenagers attend high school. Statistics indicate that income and food production have fallen in most countries over the last two decades. At least two-thirds of the people in the world infected with HIV (the virus that causes AIDS) live in sub-Saharan Africa.

Meanwhile, population growth in sub-Saharan Africa is the highest in the world. At present rates, the number of people in the region is expected to grow from 610 million today to more than 1.1 billion by 2020. In recent years, the world has been horrified by scenes of a genocide in Rwanda that claimed some 800,000 lives, famine in Somalia, and bloody civil wars in Liberia, Sudan, Angola, Burundi, Congo and elsewhere. In several war-torn countries, including Angola and Somalia, roughly twice as much money has been spent on the military as on health and education. In all, the continent has eighty-three soldiers for every doctor. (The ratio is four to one in the devel-

Country	GDP per capita ($)	Life expectancy at birth (years)	Death rate for infants under 1 year (per 1,000)	Adult literacy (%)	Physicians per 100,000 people	Percent of Undernourished People	Percent of Adults with HIV/AIDS
WORLD'S LEAST DEVELOPED COUNTRIES							
Sierra Leone	448	38	182	32	7	43	2.99
Niger	753	45	162	15	14	46	1.35
Burundi	573	41	106	47	?	68	11.32
Burkina Faso	965	47	106	23	3	32	6.44
Ethiopia	628	47	118	37	?	49	10.63
Mozambique	861	40	127	43	?	58	13.22
WORLD'S MOST DEVELOPED COUNTRIES							
Norway	28,433	78	4	99	413	-	0.07
Australia	24,574	79	5	99	240	-	0.15
Canada	26,251	79	6	99	229	-	0.30
Sweden	22,636	80	3	99	311	-	0.08
Belgium	25,443	78	6	99	395	-	0.15
United States	31,872	77	7	99	276	-	0.61

oped world.)

A single snapshot of sub-Saharan Africa, however, overlooks the continent's diversity and promise. Much of southern Africa, particularly Botswana, and Zambia, has made substantial progress over the last twenty years. In South Africa, the election of Nelson Mandela in 1994 peacefully ended decades of white rule in the country. Over half of sub-Saharan Africa's forty-eight countries have recently held democratic elections, and independent newspapers have gained influence throughout the region.

But, as the case of HIV/AIDS in South Africa demonstrates, challenges remain. They are not Africa's challenges alone. The HIV/AIDS epidemic transcends national boundaries and has become a truly international concern. How best to address the many layers of the problem is a major component of U.S. foreign aid policy.

Case study: Confronting HIV/AIDS

In South Africa today, 4.2 million people—fully 20 percent of the population—are estimated to be infected with HIV/AIDS. That's almost double the number of HIV/AIDS cases in South Africa just four years ago. In 1999, 250,000 people died of AIDS-related illnesses, and 420,000 children have been orphaned by the disease since it first appeared twenty years ago. There are more people living with HIV/AIDS in South Africa than in any other country.

The numbers are overwhelming. The epidemic reaches across the globe; currently, 1.9 percent of the world's adult population has AIDS or HIV, the virus that causes AIDS. But, as the case of South Africa suggests, the disease has taken a much higher toll in some nations than in others. Incidence of HIV/AIDS is highly concentrated in the developing world. In fact, sub-Saharan Africa, home to just 11 percent of the world's population, has 71 percent of the world's cases of HIV/AIDS. The disease is now the leading cause of death in the region.

Why has the AIDS crisis in the developing world sparked such strong rhetoric in the international community?

Humanitarian concerns have sparked a strong response from the international community. When presented with the devastating scope of the disease, people and nations around the world feel that they must do something to help stop the spread of AIDS and alleviate its victims' suffering. But there are other reasons as well.

HIV/AIDS and development are linked in a troubling cyclical fashion. In one direction, the disease is likely to spread more rapidly and cause more devastation in developing countries than in industrialized ones. This is because poorer nations often lack the resources and infrastructure to educate their citizens about the causes and prevention of HIV/AIDS and to provide treatment for those who are infected. Furthermore, the political instability that plagues much of the developing world worsens the epidemic. For example, conflicts in sub-Saharan Africa have forced millions of people to flee their homes and become refugees. The mobility of this population increases the spread of the disease across communities and borders.

> *"Many of us used to think of AIDS as a health issue. We were wrong. AIDS can no longer be confined to the health or social sector portfolios. Across Africa, AIDS is turning back the clock on development."*
>
> *—World Bank president James Wolfensohn*

At the same time that conditions in developing countries intensify the effects of HIV/AIDS, the prevalence of the disease makes further economic development more difficult. With such high percentages of their populations infected with HIV/AIDS, many developing nations face problems of decreased worker productivity and a shrinking labor force. Additionally, some governments find themselves devoting money to health care programs that they would otherwise spend on other areas of the economy. HIV/AIDS threatens to undo much of the progress that developing countries have made in recent decades.

John Sherffius. Reprinted with permission.

What is the United States doing to address the global HIV/AIDS crisis?

The United States donates more than any other nation to international HIV/AIDS research and assistance programs. In 2001, USAID estimated spending $340 million on HIV/AIDS in the developing world, with 70 percent of that money going to non-governmental organizations (NGOs) working in some of the most affected countries. The United States plans to donate an additional $126 million in aid through the Centers for Disease Control and Prevention (CDC), the Department of Defense, and the Department of Labor. Since 1986, the government has given over $1.6 billion through USAID for the relief and prevention of HIV/AIDS in the developing world. The United States has also been the largest single donor to the Joint United Nations Programme on HIV/AIDS (UNAIDS), giving approximately $15 million a year.

U.S. aid money is spent on a variety of programs. These include training for health care managers, strategy development to deal with the thousands of AIDS orphans, improvements in HIV/AIDS education, purchase and distribution of condoms, and research on drugs and treatment programs.

What controversies surround the response to the crisis?

For all the humanitarian goodwill and foreign aid money that are directed at the HIV/AIDS epidemic, the challenges are enormous and controversy is strong over the best response to the crisis.

Perhaps the most heated debate surrounds the issue of drug treatment for people already infected with HIV/AIDS. In the last decade, major pharmaceutical companies have developed a combination of drugs that is widely believed to slow the progression of HIV to AIDS and significantly extend the life expectancy of those infected with HIV. Currently, these drugs are very expensive, costing between $12,000 and $15,000 per person per year.

Needless to say, most people in developing countries cannot afford the drugs at these prices. But because the pharmaceutical companies hold patents on the drugs, it is generally illegal for other companies or governments to make cheaper, generic "copies" of the drugs. (Keep in mind that some of the profits made from the drugs go to fund further research on treatments and vaccines for HIV/AIDS.) However, the governments of some countries, including Brazil and India, have allowed their scientists to ignore the patents and to make and sell generic drugs. These governments insist that the HIV/AIDS epidemic is a "national emergency" which justifies the violation of the patent laws. Others have called on the pharmaceutical companies to donate the drugs to developing countries, or to sell them at greatly reduced prices. As the scope of the epidemic increases, the question of what to do about drug treatment will continue to be an important one.

At the same time, some people argue that we should not focus so much on treating HIV/AIDS. Instead, we should concentrate money and attention on preventing of HIV/AIDS and treating of other diseases—like tuberculosis, malaria, and diarrhea—that are also common and deadly but that are more easily and affordably treatable than HIV/AIDS.

Even efforts to prevent the further spread of HIV/AIDS have encountered challenges and resistance. NGOs and governments have established programs and clinics to educate people about the ef-

fects and transmission of the disease, as well as to promote condom use and discourage sharing of hypodermic needles. But often, cultural norms and attitudes pose a challenge to these efforts. For example, in sub-Saharan Africa more women than men are infected with HIV/AIDS. This is largely due to gender attitudes that make it difficult for women to demand that their partners use condoms or to refuse unprotected sex. Additionally, incidence of sexual violence against women is high, further increasing women's exposure to HIV/AIDS. Furthermore, discussion of HIV/AIDS is often considered taboo, and those living with the disease are often stigmatized, making prevention efforts even more difficult. These cultural norms are hard and slow to change. People in developing countries may resist education efforts that they see as attempts by Western countries to impose on them their culture and values.

As the impact of the HIV/AIDS epidemic grows stronger in the years ahead, the United States will have to make important choices about its goals and priorities in fighting the disease. Should the United States concentrate its resources and efforts on combating the disease at home? To what extent is HIV/AIDS in the developing world an international concern? What should be our priorities in foreign aid—fighting the disease itself, or assisting economic development?

Military and Security Aid

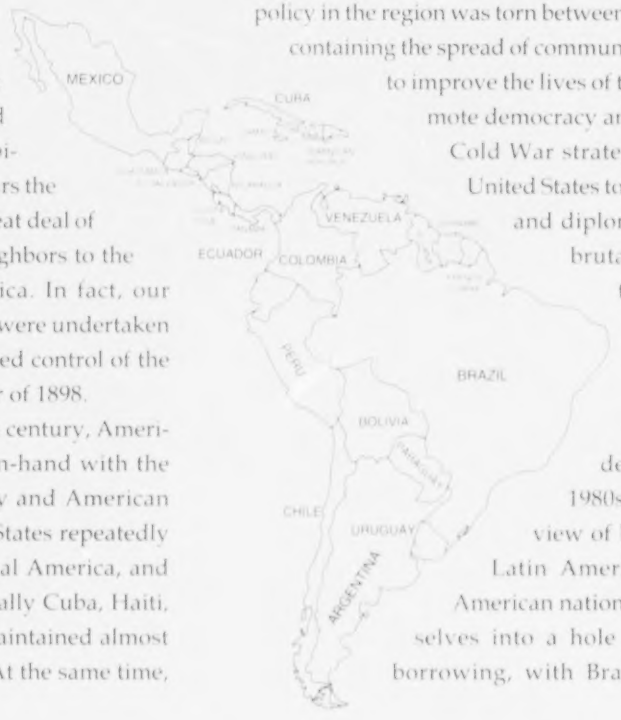
Over the years, military and security aid has been the most controversial form of aid that the United States provides. Even with the end of the Cold War, the provision of military aid still sparks great debate.

Why does the United States provide military and security aid?

The United States provides military and security to nations around the world to further its own security interests. Egypt, Israel, and Taiwan are among the largest recipients of U.S. military aid. Over the years the United States has also provided a great deal of military and security aid to our neighbors to the south: the nations of Latin America. In fact, our country's first foreign aid programs were undertaken in Cuba after the United States gained control of the island in the Spanish-American War of 1898.

In the early decades of the 20th century, American assistance efforts went hand-in-hand with the expanding role of the U.S. military and American business in the region. The United States repeatedly intervened in the Caribbean, Central America, and Mexico. In several countries, especially Cuba, Haiti, and Nicaragua, American troops maintained almost a constant presence into the 1930s. At the same time, the United States built roads, hospitals, harbors, and railroads, usually to support American investments. The region was also viewed as a test case for America's ability to transplant democratic values and reduce poverty.

U.S. involvement in Latin America has often sparked controversy. During the Cold War, U.S. policy in the region was torn between the emphasis on containing the spread of communism and the need to improve the lives of the poor and promote democracy and human rights. Cold War strategy often led the United States to provide military and diplomatic backing to brutal military dictators in the name of fighting communism.



The Third World debt crisis of the 1980s prompted a review of U.S. priorities in Latin America. Most Latin American nations had dug themselves into a hole through heavy borrowing, with Brazil and Mexico

heading the list. Country after country in the region adopted economic reform programs crafted by the IMF. The belt-tightening measures hit the poor the hardest, and the impact soon spilled across U.S. borders. The number of illegal aliens crossing into the United States from the region soared during the 1980s.

The end of the Cold War and an economic upswing have changed perceptions on both sides of the cultural divide that separates the United States from its southern neighbors. U.S. officials now view Latin American nations as trading partners rather than as allies in the struggle against communism. Dictatorships have given way to democratic governments. Peace has come to many countries scarred by civil war. Finally, most of the region's leaders have embraced free-market economic principles. Politically, Latin America offers the best evidence that democracy is sweeping the developing world.

The trends in Latin America, however, are not all positive. Despite impressive economic growth in recent years, little progress has been made in reducing the region's widespread poverty. The gap between the rich and the poor in Latin America remains wider than in any other part of the world and has widened during the economic boom of recent years. Moreover, democracy in the region has yet to sink deep roots. In many Latin American nations, powerful militaries continue to operate outside of the law. While U.S. economic assistance in Latin America has sought to improve conditions for the poor, the programs have been overshadowed by our country's efforts to stop the flow of illegal drugs from the region.

Case study: Plan Colombia

On July 13, 2000, President Bill Clinton signed a bill promising $1.3 billion in aid to Colombia to help the Latin American nation fight its war on drugs. Plan Colombia, as the aid program is known, supports several different efforts to curb Colombia's illegal narcotics industry—the largest in the world. But the program, designed to slow the flow of cocaine and heroin into the United States from Colombia, has been criticized by many as ineffective and misguided.

What is the purpose of Plan Colombia?

Ninety percent of the cocaine and most of the heroin entering the United States comes from Colombia, where it is grown, processed, or transported. Through Plan Colombia, the United States hopes to address its own drug problem by reducing the drug supply at its source. The Colombian government welcomes U.S. concern about drug trafficking. The U.S. aid package contributes to a larger Colombian government program to strengthen democracy and create peace in the country.

For most of its history, violent conflict has plagued the republic of Colombia as various revolutionary groups have tried (sometimes successfully) to overthrow the government. Particularly since the 1980s, the insurgent groups fighting against the government have become more and more involved in drug cultivation and trafficking. They impose taxes on those who grow the drugs, using the money to finance their armed resistance. The Colombian government hopes that by reducing the trade in illegal drugs, it can weaken the guerilla forces, advance the peace process, and strengthen democracy.

How are U.S. resources used in Plan Colombia?

The U.S. involvement in Plan Colombia has several dimensions. Most of the resources are dedicated to helping the Colombian army and police force reduce the cultivation of coca and opium poppy. One method involves crop-duster planes spraying fields of coca and poppies with an herbicide to kill the plants. Some American personnel and equipment have been used on these missions, and the American military has provided equipment and training for Colombian military escorts to protect the crop-dusters from being attacked by the guerillas who protect the fields.

Other U.S. money goes to alternative development programs. These programs offer help to peasant farmers, encouraging them to grow legal food and cash crops in place of coca. Alternative development also supports improving and expanding basic infrastructure such as schools, clinics, roads, and water systems. Additionally, Plan Colombia focuses on improving drug interdiction, reforming the Colombian

judicial system, and improving human rights practices in the country.

The U.S. contribution to Plan Colombia has provoked a strong reaction in the United States, Colombia, and abroad. These reactions help to clarify some of the beliefs and values that underlie the U.S. decision to extend foreign aid to Colombia.

What are the controversies surrounding Plan Colombia?

Some object to U.S. involvement in Colombia altogether. For example, some in the United States feel that the U.S. military involvement has the potential to escalate, turning Colombia into "another Vietnam." And some Colombians believe that America should deal with its drug problem within its own borders instead of interfering in Colombia.

Others question the nature of U.S. aid. The policy of aerial spraying of coca fields has raised objections on several fronts. While the U.S. government claims that the herbicide used does not contaminate water or soil or cause illness in humans or animals, many Colombians have reported illness after fields around their homes were sprayed. Also, many small farmers grow coca plants among legitimate crops, and aerial spraying has killed entire fields, leaving peasants with little food or means of making a living. While the budget for Plan Colombia includes money to assist farmers in cases such as this, some farmers say that the money is not yet available—and in the meantime, they have nothing to eat or sell.

Perhaps the biggest controversies surround the goals and priorities of the U.S. component of Plan Colombia. The U.S. government argues that anti-drug efforts in Colombia will help address the drug problem in America, so funding Plan Colombia is clearly in U.S. interests. The government also claims that promoting better human rights practices and assisting in economic development in Colombia are important goals. Nonetheless, critics note that groups affiliated with the Colombian military have been accused of widespread ongoing violations of human rights, including murder and torture, while in pursuit of suspected guerrillas.

The U.S. State Department also acknowledges that fighting the drug war in Colombia cannot be successful without addressing the other problems that plague the country, such as civil war, corruption, and poverty. And because the rebel groups in Colombia rely so heavily on the drug industry, helping the Colombian government fight against drugs also helps it fight against the rebel groups.

Some critics say that the United States should not be involved in a civil war. Others wonder whether American priorities actually lie more in stabilizing a government that is friendly to U.S. interests than in fighting a war against drugs. Deciding whether and how we should be involved with Plan Colombia clearly depends on the values and goals that underlie U.S. foreign policy.

Economic Stabilization

The rapid globalization and integration of the global economy has heightened awareness of the need for international financial stability. An economy that collapses can have profound effects on it neighbors, not only hurting the world economy but creating a situation where instability and conflict are more likely to spill across borders.

Why does the United States provide funds for economic stabilization?

U.S. officials have realized the importance of emergency economic stabilization funds. Without them, other U.S. foreign policy priorities, such as creating free trade and markets for U.S. goods and even nurturing the growth of democracy, would become impossible to implement.

The United States has several methods at its disposal to provide aid for economic stabilization. It can provide direct loans to a country, as it did when it provided $30 billion in loans to Mexico in the mid 1990s to protect the economy of a key-trading partner on our border. It can also use the IMF—the United States is the largest single contributor —to implement the policies it desires.

CASE STUDY: THE ASIAN ECONOMIC CRISIS

The most dramatic example in recent years of a local economic crisis that quickly spread throughout the world was in Southeast Asia. Few parts of the world have changed their image in American eyes so dramatically as Southeast Asia. In the 1960s and early 1970s, Americans saw Southeast Asia as the battlefield of the Vietnam War. The countries of the region, mostly poor and unstable, were considered ripe for communist takeover.

By the mid-1990s, Southeast Asia seemed to be a showcase of successful development. The region enjoyed one of the highest economic growth rates in the world. Foreign investors rushed to put their money in local markets. Tens of millions of people were climbing out of poverty to claim a foothold in the middle class.

With the economic crisis that began in 1997, however, Southeast Asia's image has changed once again. The region now stands as a symbol of the pitfalls of the global economy and rapid development. Rather than attracting praise and admiration, Southeast Asian societies are now more likely to be criticized for corruption and mismanagement.

With U.S. backing, the IMF took the lead in addressing the Southeast Asian crisis. In 1997, IMF officials put up the fund's own money and gained further commitments from other wealthy lenders to assemble huge financial rescue packages for Indonesia and Thailand. Indonesia was offered $43 billion in credit and Thailand $17 billion. The rescue packages were among the largest ever arranged by the IMF.

The money, however, came with strings attached. Countries accepting IMF help are required to follow the fund's recommendations for reform. In Southeast Asia, this included demands to bring the rules for banking and finance in the region more in line with Western standards. Over the long run, the changes may produce more foreign involvement in Southeast Asia's financial sector. In addition, the IMF pressed Southeast Asian governments to cut government spending.

Why did President Suharto resist the IMF's plan?

Thailand was generally a willing partner with the IMF, but Indonesia's President Suharto resisted. While IMF officials and Suharto negotiated, the value of Indonesia's currency dropped further. By the time Suharto agreed to cut the government subsidies that kept the prices of food and gasoline artificially low, millions of Indonesians had reached the point of desperation. In early 1998, bloody riots swept the country. Suharto resigned and was replaced by a leader who pledged to enact reform and rein in corruption. Nonetheless, Indonesia's economy continued to slide downward.

Throughout the early stages of the Southeast Asian crisis, the region's officials looked anxiously to Washington for leadership. In Thailand, the

hope was that the United States would provide direct financial assistance, as it had done for Mexico in 1995. Instead, U.S. officials insisted that the IMF deal with the emergency. The United States also blocked a proposal by Japan in 1997 to set up a $100 billion fund for East Asia with financing from Japan, Hong Kong, Taiwan, and Singapore. According to U.S. officials, a separate fund would have challenged the authority of the IMF and tripped up momentum for reform.

The formula advocated by the United States and the IMF, however, did not bring the quick recovery in Southeast Asia that many economists had anticipated. Rather, the collapse of the region's financial system dragged economies into a deep recession. Indonesia's economy shrank by about 20 percent in 1998 and the country's currency lost 85 percent of its value against the dollar. In Thailand, the economy shrunk by around 7 percent. Other Southeast Asian economies faced similar hardships. The region has only begun to recover. Political instability has also complicated and slowed the economic recovery.

In human terms, the crisis has threatened to undermine a generation's worth of advancement. With so many businesses in the region unable to pay back their loans, even companies that had avoided debt have found that they have no market for their products and no source of credit. Many have been forced to lay off workers. Millions who had found jobs in the cities in recent decades have been forced to return to their native villages.

What are the criticisms and controversies surrounding the response to the Asian financial crisis?

The collapse of Southeast Asia's economic miracle in mid-1997 spawned a wide range of competing analyses and theories about what went wrong. In the United States, many officials and financial specialists argue that Southeast Asia's crisis was rooted in home-grown weaknesses. They maintain that close connections between governments, banks, and businesses fed corruption and undercut effective regulation. They also note that the currencies of many Southeast Asian nations were overvalued, encouraging companies to borrow from foreign banks and consumers to buy foreign goods. In Thailand, for example, debt to foreign banks rose from $29 billion in 1993 to $57 billion in 2000.

The U.S. approach to putting Southeast Asia's economies back on track involved applying free-market principles more rigorously. In particular, U.S. policymakers have called for reforms to require Southeast Asian banks to operate more openly, as they do in the United States. They have also recommended that governments phase out their ties to the business world.

In Southeast Asia, the explanation of the crisis has centered on the role of outside forces. They recall that foreign lenders were eager to pump billions of dollars of credit into their region while economic times were good. Southeast Asian leaders place much of the blame on Wall Street investors who have the power to instantly transfer billions of dollars electronically. As they point out, Wall Street has abandoned the entire region since mid-1997, punishing well-managed and poorly managed companies alike. In addition, there is growing resentment and mistrust of the United States. Some suspect that the IMF is acting on behalf of Wall Street to cripple their economies and force companies to sell their assets cheaply to U.S. investors. They insist that wealthy countries must accept their share of responsibility for sparking the Southeast Asian crisis and should contribute more to finding a solution. In the meantime, they advise all developing countries to protect their economies from the often rash swings of the global marketplace.

The sharpest criticism has come from Malaysia's prime minister, Mahathir Mohamad. He believes that Malaysia's stock market and currency must be shielded from outside forces. Under controls imposed by Mahathir in 1998, the value of Malaysia's currency is now set by the country's central bank, not by international markets. In addition, foreigners buying Malaysian stocks must hold them for at least one year before selling.

> *"The free market has failed and failed miserably."*
> *—Mahathir Mohamad, Malaysian prime minister*

Mahathir's tough talk, however, has yet to have wider policy implications in Southeast Asia. No country in the region, including Malaysia, has raised barriers to free trade to protect local industries. On the contrary, Southeast Asian countries have stressed the need to export their way back to economic health. U.S. and IMF officials have been encouraged that Thailand's economy has begun to show the first signs of recovery, driven largely by increased exports.

What other issues did the Asian financial crisis highlight?

Finally, the Southeast Asian crisis has caused both Southeast Asians and Americans to reflect on long-term issues affecting the region. Rapid industrialization has taken a heavy toll on Southeast Asia's environment. In the past two decades, the region's cities have become among the most polluted in the world. In the countryside, logging and agriculture are destroying forest ecosystems at an alarming rate.

Government policies have often contributed to environmental harm. For example, energy prices have been kept low by government subsidies, resulting in waste and pollution. Likewise, the hunger for exports has led governments to overlook destructive logging and farming practices.

Education is another topic demanding attention. Most Southeast Asian countries have lagged behind East Asia as a whole in upgrading their educational systems. In Thailand, for example, only about half of the country's children between the ages of twelve and sixteen are in school. The average worker has only about five years of schooling. During the boom years of the early 1990s, Thailand's economy was stymied by a shortage of skilled labor.

In the United States, the Southeast Asian crisis has raised questions about the role of the American business community in the developing world. Of particular concern is the impact of huge flows of money on the economic stability of developing countries. Critics of the free market have suggested extensive controls on financial markets. They also argue that U.S. corporations operating in Southeast Asia should take stronger measures to protect the environment and safeguard the rights of workers.

Humanitarian Assistance

Humanitarian assistance appears to be the least obviously controversial form of foreign aid that the United States provides. There is a long tradition of the U.S. government responding to humanitarian needs. The tradition of churches and volunteer organizations helping those in need goes back even farther. Today, images of human suffering transmitted by 24-hour news networks can quickly galvanize American public opinion behind U.S. participation in efforts to feed, clothe, and provide basic medical care to people in need.

Why is there a need for humanitarian assistance?

In some cases, countries suffering from a natural disaster simply do not have the economic resources to deal with widespread destruction. In other cases, however, vast human suffering can often be complex and have numerous causes. For example, a country suffering from wide-spread famine may also be feeling the effects of civil war, a corrupt or ineffective government, and long-term poverty. In such a case, the provision of food, shelter, and medical supplies, while terribly important and necessary, may be treating only the symptoms and not the underlying causes of the famine. In addition to humanitarian assistance, the other kinds of foreign aid described in this unit—development assistance, military and security aid, and economic stabilization—may be necessary to address the underlying causes of a humanitarian disaster so that it does not recur.

What factors contribute to decisions to provide humanitarian assistance?

With limited resources, how much and what kind of humanitarian assistance the United States pro-

vides often is affected by political or even security concerns. For example, U.S. humanitarian assistance to Haiti in the 1990s was given in part to stem the flow of Haitian refugees attempting to get to the United States by boat. In addition, domestic political priorities affect how and what kind of resources the United States allocates to humanitarian assistance. The death of eighteen U.S. soldiers in Somalia in 1993 had a strong negative effect on the public's opinion about peacekeeping operations in support of humanitarian assistance. Just a few years later, there was little desire by the Clinton administration to risk the lives of any American soldiers in an effort to prevent a humanitarian disaster in Rwanda and Burundi—a genocide that resulted in the deaths of some 800,000 people.

Jim Morin. Reprinted with permission

Special interest groups in the United States are another domestic political factor that contribute to U.S. decisions on humanitarian assistance. For example, many Americans, justly proud of their cultural backgrounds, form groups that provide humanitarian or economic assistance to the country of their ethnic or national origins. They also lobby Congress in support of U.S. aid. Well-organized ethnic constituencies in the United States can lobby with tremendous success. For example, both Armenian and Haitian lobbying efforts in the United States have had profound effects on U.S. aid policy. At the other end of the spectrum, the country of Sudan has languished in a humanitarian crisis for nearly two decades. The suffering of the people of Sudan has received only sporadic attention in the media, even though religious and human rights groups have struggled to get our country to pay more attention to this conflict.

Case Study: Sudan

Sudan has been the scene of a horrific civil war for the past eighteen years. The origins of the war lay partly in religion, with the Arab-dominated Islamic-based government in the north fighting rebel Christian and animist groups in the south. Other causes of the conflict include a struggle for control of scarce resources. In recent years, increasing revenues from oil productions have enabled the government to spend more on weapons. Rebel groups in the south have declared the oil companies to be a target of their struggle.

What have been the effects of the conflict in Sudan?

Regardless of its origins, the human consequences of the conflict are beyond most of our imaginations. Two million people—nearly 8 percent of Sudan's population—have died of famine and disease and in brutal fighting. Frequent droughts have led to three periods of famine since 1988. In the south, civilians barely have enough food or clothing to survive. Children have been conscripted into the army and there are credible reports of slavery and wide-

spread government bombing of civilian areas More than four million Sudanese have been driven from their homes since the fighting began. Essentially they live like refugees in their own country. Nearly a half-million Sudanese have fled Sudan.

"There is perhaps no greater tragedy on the face of the earth today."

—Secretary of State Colin Powell

Unlike other humanitarian emergencies that have received attention in the media and on the news, this crisis is not on most Americans' television screens. Nonetheless, the United States spent nearly $160 million in the Sudan in 2001. Since 1989 the United States has invested nearly $1.2 billion of humanitarian aid in this beleaguered region. In the fall of 2001, President George W. Bush appointed a special envoy to Sudan, former U.S. Senator John Danforth, in an effort to bring peace to the troubled country. Bush also appointed the director of USAID, Andrew Natsios, as Special Humanitarian Coordinator for Sudan. Finding a lasting solution will be a major challenge.

What are the obstacles to humanitarian assistance in the Sudan?

There are many obstacles to relieving the suffering in Sudan. The government of Sudan tightly controls the access of all relief organizations, including the United Nations. Access to parts of the southern regions is simply denied. In other regions of the country, the government frequently denies access for the relief flights known as Operation Lifeline Sudan. In 2001, the government of Sudan began limiting flights to areas around the oil fields in the north where much of the population has been recently displaced. Humanitarian organizations and their operations are also often attacked or targeted by the government. Recently, a government plane dropped bombs above a UN plane attempting an airdrop of relief food. In addition, rebel forces have attempted to impose their own conditions on relief agencies' work in the area in an attempt to manipulate the flow of humanitarian assistance for their own ends. Finally, relief workers are often kidnapped and organizations are forced to evacuate their staff.

What are the controversies surrounding providing humanitarian assistance in Sudan?

Food and famine have been used as a weapon of war in the Sudan. In a country of scarce resources, humanitarian assistance has become a valuable commodity that all participants in the conflict try to manipulate to their own advantage. A weakened population can be manipulated or forced to flee to certain areas and burden rebel or government forces. This puts great strains on humanitarian agencies to provide their services. In a sense, the humanitarian agencies become a pawn in the conflict. In addition, money that the government does not have to devote to food or shelter, it can devote to purchasing weapons. Of course, the same is true for the rebels in the south.

Some critics of the aid efforts in Sudan argue that the foreign humanitarian supplies of food have prolonged the war. Until June 2001, the United States refused to supply humanitarian aid to drought victims in the government-controlled north because it was believed that this aid allowed the government to divert resources to continuing the war. Opponents argued that no aid meant more innocents died while the government continued the war anyway. Others have suggested steps that would punish foreign oil companies that do business in Sudan. (U.S. businesses are already prohibited from doing business in Sudan.) The foreign oil companies argue that they are a force for positive change in Sudan, providing clean water, education, and medicine. Still others suggest that the United States apply a no-fly zone in southern Sudan to prevent the government bombing of civilians and of humanitarian operations. Whatever additional action the United States takes in Sudan, it will require examining the complex, moral, and political issues that govern our country's foreign aid policy.

Conclusion

In the coming days, you will have an opportunity to consider a range of alternatives for U.S. foreign aid policy. Each of the three viewpoints, or options, that you will explore in the next part of this unit is based on a distinct set of values and beliefs. Each takes

a different perspective on our country's role in the world and in providing foreign aid. You should think of the options as a tool designed to help you better understand the contrasting strategies from which Americans must craft future policy.

At the end of this unit, you will be asked to create an option that reflects your own beliefs and opinions about where U.S. policy should be heading. You may borrow heavily from one option, or you may combine ideas from several options. Or you may take a new approach altogether. You will need to weigh the risks and trade-offs of whatever you decide. There are, of course, no perfect solutions.

Options in Brief

Option 1 — Share the American Dream

As never before, the United States today has an opportunity to spread democratic values and free-market economic principles worldwide. At this crucial moment of history, the peoples of the developing world are looking to us to guide them to a brighter future. The United States must take a leadership role in ensuring the health of the global economy, helping those in need, and aiding developing countries. We should focus our foreign aid dollars on helping them enter the global marketplace. As the world's economic leader and strongest democracy, the United States has more to gain from the success of the democratic, free-market revolution than any other country. After committing trillions of dollars to winning the Cold War, we would be foolish not to stay the course to give our victory real meaning.

Option 2 — Join Hands for a Better World

The challenges facing the planet demand cooperation. Americans cannot fence themselves off from the challenges outside their borders. Rather, we have to join with other nations to make the world a better place. The UN is in a unique position to lead the way. The United States should play a leading role in supporting an international effort to improve life in the developing world and helping those in need. The developing world has long served as a source of minerals, low-priced export crops, and cheap labor. Now the time has come to share our wealth. The people of developing countries have to be part of the decision-making process to promote sound, sustainable growth of their economies. We cannot afford to ignore the problems of a planet that is growing ever smaller.

Option 3 — Put America First

For decades, U.S. foreign policy has been weighed down by the illusion that the United States could change the world. Now the time has come to recognize the lessons of recent history. American assistance has done little to relieve the poverty and misery that haunt much of the developing world. The United States should cut back on its spending abroad. Our limited resources should be targeted on promoting U.S. interests overseas, not on chasing hopeless dreams. Only foreign aid programs that are designed to meet specific American needs have a place in the U.S. budget. The rest should be cut. The United States has too many problems of its own to throw money at the problems of other countries. We owe it to our own citizens to devote the bulk of our resources to resolving issues here at home.

Option 1

SHARE THE AMERICAN DREAM

As never before, the United States today has an opportunity to spread democratic values and free-market economic principles worldwide. The last decade has witnessed an unprecedented rush toward democracy and the free market. Countries throughout the world recognize that neither Soviet communism nor the closed economic models of the Third World offer an alternative to our own political and economic system. The financial panic that began in Southeast Asia, however, highlights the unique challenges of globalization. The remarkable gains that have been achieved throughout the world are at risk. At this crucial moment of history, the peoples of the world are looking to us to guide them to a brighter future.

The United States must take a leadership role in ensuring the health of the global economy by focusing our foreign aid dollars on helping developing nations enter the global marketplace. Recipients of U.S. aid should be prodded to open their economies to free-market competition. American assistance should also be used as a lever to promote fair elections, an independent press, women's rights, and other important elements of a free society. To ease the transition toward democracy and the free market, Americans should take bolder measures in the developing world to encourage trade and investment. We should also be willing to use our military forces to provide humanitarian assistance to those in need. As the globe's economic leader and strongest democracy, the United States has more to gain from the success of the democratic, free-market revolution than any other country. After committing trillions of dollars to winning the Cold War, we would be foolish not to stay the course to give our victory real meaning.

What guidelines should we follow?

Goals and methods: The United States should encourage free-market economics, democracy, and other fundamental American values in the developing world. U.S. aid should be used as a tool to promote positive change and broaden the international trading system. Assistance should be denied to governments that violate human rights or block the path to economic reform. To create fairer, more just societies, we should press for the rights of women and minority groups.

Spending priorities: U.S. aid should be concentrated on developing countries that have shown a commitment to economic reform and democracy. Spending on economic aid should be increased, while security assistance should be reduced. Countries that have taken the boldest steps toward the free market, such as Thailand and Brazil, should be given special help to weather financial setbacks. Overall spending on U.S. foreign aid should increase approximately 30 percent to $20 billion annually.

Policy steps: The United States should emphasize aid programs that develop laws and regulations necessary for a free-market economic system, ensure fair elections, promote the rights of women and minority groups, spur the creation of small businesses, and control population growth. The United States should lower trade barriers and cancel debts to reward countries that make the most progress toward economic reform and democracy. We should also use our influence to press the UN, the IMF, and the World Bank to adopt policies similar to our own.

Option 1 is based on the following beliefs

- Foreign aid is an essential tool of U.S. foreign policy.
- Well-designed economic assistance programs are effective in promoting free-market reform and furthering democratic values in poor countries.
- Maintaining America's international leadership is essential for global peace and prosperity, especially in times of turmoil.

PROS — *SUPPORTING ARGUMENTS*

1. Increasing the number of countries that share the values of free-market economics and democracy will advance the cause of international peace.

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2. Investing in the development of emerging free-market economies will pay off in the form of new trade and investment opportunities for Americans.

3. Helping improve life in developing countries will reduce anti-American feelings overseas and restore America's position of international leadership.

CONS — *OPPOSING ARGUMENTS*

1. By acting alone in aiding the developing world, the United States will undermine international cooperation in addressing global problems, such as environmental or economic crises, terrorism, drug trafficking, and HIV/AIDS.

2. Pressuring poor countries to accept our political and economic values will trigger an anti-American backlash in the developing world.

3. Closing down foreign aid programs in countries with non-democratic governments only punishes the poor, not the people in power.

4. Failure to coordinate our foreign aid efforts with those of other developed countries and the UN will create confusion and inefficiency in the developing world.

5. Imposing rigid economic reform programs on developing countries will worsen living conditions for the poorest of the poor and push more economies into recession.

Option 2

Join Hands for a Better World

The challenges facing the planet demand cooperation. Whether it is drug-trafficking in Latin America, a deadly epidemic in central Africa, the ravages of war in the Middle East, or an economic depression in Southeast Asia, problems around the world affect us all. Americans cannot fence themselves off from poverty and suffering outside of their borders. Rather, we have to join with other nations to make the world a better place. The UN is in a unique position to lead the way. With the divisions of the Cold War gone, the member states of the UN are now able to work together to reduce human suffering worldwide. The UN's campaign for sustainable economic development is gaining acceptance as a common goal for humanity.

The United States should play a leading role in supporting an international effort to improve life in the developing world. That does not mean that we should run roughshod over the beliefs and traditions of peoples in developing countries. For centuries, the relationship between rich and poor nations has too often been marked by exploitation. The developing world has long served as a source of minerals, low-priced export crops, and cheap labor. Now the time has come to share our wealth. The people of developing countries have to be part of the decision-making process to promote sound, sustainable growth for their economies as well as the world's economy. The protection of the environment must be balanced with the need for economic growth. The drive to increase exports must not come at the expense of small farmers or traditional cultures. The emphasis on promoting free-market principles must give way to concern for poor workers and farmers. We should also be willing to contribute military forces to UN-led humanitarian assistance missions. Contributing to successful development programs will require us to increase our foreign aid budget, but the cost of doing nothing is far greater.

What guidelines should we follow?

Goals and methods: The United States should cooperate with other nations through the UN to promote sustainable development in the developing world. Priority should go toward helping the poorest of the world's poor. International aid programs should be designed to conform with the beliefs and traditions of recipient countries. Rapid economic and political reform should be rejected if the resulting social changes would be too disruptive. Likewise, economic growth should not cause environmental harm.

Spending priorities: The U.S. foreign aid budget should be channeled into UN programs. Spending priorities should be set by the member states of the UN. U.S. military aid should be phased out. Overall spending on U.S. foreign aid should increase four-fold to 0.7 percent of our GDP annually (about $65 billion) in order to meet the UN target.

Policy steps: The United States should encourage the UN to emphasize aid programs that improve basic health care, enhance child nutrition, increase the output of small farmers, and protect the environment. The United States should press for changes in international trade rules to promote exports from developing countries. The United States also should work with other developed countries, as well as with the IMF and the World Bank, to reduce the debt burden of the developing world.

Option 2 is based on the following beliefs

- Wealthy nations, such as the United States, have a moral obligation to help the people of the developing world improve their lives.
- Economic assistance programs should place the needs of people and the environment ahead of the principles of free-market economic reform.
- Global problems can only be effectively addressed when all of the nations of the world have a voice in the process.

PROS — *SUPPORTING ARGUMENTS*

1. Involving developing countries in the design of assistance programs will ensure that foreign aid effectively and efficiently meets vital human needs.
2. Strengthening international cooperation is our only hope for solving global problems—such as economic crises, environmental threats, terrorism, drug trafficking, and HIV/AIDS—that extend beyond national boundaries.
3. By promoting global cooperation, the United States will once and for all do away with its image as an international bully and gain greater respect from other nations.

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CONS — *OPPOSING ARGUMENTS*

1. Giving aid to the rulers of developing countries with few strings attached will serve to prop up corrupt, dictatorial regimes that oppose reform.
2. Turning over greater authority to the UN will pump new life into an organization long known for its waste and mismanagement and will weaken the international influence of the United States.
3. Providing more handouts to the people of the developing world will undermine the spirit of self-reliance and initiative that the poor need to lift themselves out of poverty.
4. Adding billions to the foreign aid budget will draw money away from urgent problems here at home, such as crime, health care, and homeland defense.
5. Emphasizing sustainable development over economic reform will give officials in the developing world an excuse to continue harmful economic policies that stunt the growth that a free-market would allow.

Option 3

Put America First

For decades, U.S. foreign policy has been weighed down by the illusion that the United States could change the world. Now the time has come to recognize the lessons of recent history. American assistance has done little to relieve the poverty and misery that haunt much of the developing world. Rather, most of our foreign aid since World War II has been squandered on corrupt, incompetent dictators. Countries that have made progress toward prosperity have moved forward because of their own initiative, not due to outside help. Tearing down past illusions may be painful, but admitting the truth is the first step toward developing sound policy.

The United States should cut back on its spending abroad. Our limited resources for programs overseas should be targeted on promoting U.S. interests, not on chasing hopeless dreams. Only foreign aid projects that are designed to meet specific American needs have a place in the U.S. budget. The rest should be cut. U.S. assistance, for example, should be directed toward opening markets for American exports and strengthening key military alliances. Projects that aim to dismantle nuclear weapons in the former Soviet Union or stop the spread of HIV/AIDS should be given high priority. In the meantime, we should give up on the notion of development assistance. Meddling in other societies seldom produces the desired results and often triggers a backlash against the United States. Working through the UN and other international organizations only compounds the waste and inefficiency. U.S. soldiers should not be put in harm's way to deliver humanitarian assistance unless our national security is clearly at stake. The United States has too many problems of its own to throw money at the problems of other countries. We owe it to our own citizens to devote the bulk of our resources to resolving issues here at home.

What guidelines should we follow?

Goals and methods: The United States should use foreign aid to promote its security and trade interests. U.S. aid should serve to reward our allies. Countries that act against U.S. interests should be denied American aid, except for emergency relief. Recipients of U.S. aid should be required to spend the funds they receive on American goods and services.

Spending priorities: U.S. aid should be limited to a few key military allies and important trading partners in the developing world. Assistance should also be provided to prevent crises that would directly affect the United States. For example, the United States should take an active role in stabilizing Caribbean and Central American countries that are most likely to be a source of refugees seeking entry into the United States. Overall spending on U.S. foreign aid should decrease by about 30 percent to $10 billion annually.

Policy steps: The United States should emphasize aid programs that dismantle nuclear weapons in the former Soviet Union, strengthen the defense of key U.S. allies, and introduce American products to potential trading partners in the developing world. We should also use our influence with the IMF and the World Bank to ensure that they press developing countries to adopt free-market principles and lower barriers to trade and investment.

Option 3 is based on the following beliefs

- Economic assistance programs typically foster dependency and corruption in poor countries.
- The growth in private foreign investment and global trade has largely eliminated the need for foreign aid in developing countries.
- The United States should devote its resources to resolving issues at home.

PROS *SUPPORTING ARGUMENTS*

1. Trimming the foreign aid budget will free up resources needed to solve problems here in the United States.

&

2. Concentrating U.S. foreign aid on countries in which we have a clear interest will allow us to stretch our tax dollars further.
3. Cutting off U.S. foreign aid will force many countries to undertake seriously economic reform and reduce government waste.

CONS *OPPOSING ARGUMENTS*

1. Cutting back our foreign aid programs at a time when billions of people in the developing world are hungry and oppressed will harm the U.S. position in the eyes of the world.
2. Selfishly pursuing only our own interests will undercut the ability of the international community to deal with global problems, such as the economic or environmental crises, terrorism, drug trafficking, and the spread of HIV/AIDS.
3. Denying aid to reform-minded governments in the developing world will reverse the global momentum toward democracy and the free-market economic system.
4. Closing down foreign aid operations in some of the world's most desperate countries will open the door to famine and chaos and serve as a breeding ground for war—conditions will eventually require a costly emergency response by the international community.
5. Abandoning our commitments to the UN and other international organizations will spark resentment among our closest allies and damage our international reputation.

Supplementary Document

In the following speech, delivered on March 22, 1961, President Kennedy laid out the principles and organizational structure that were to set the course of U.S. foreign aid policy for the remainder of the Cold War and lead to the creation of AID.

This nation must begin any discussion of "foreign aid" in 1961 with the recognition of three facts:

1. Existing foreign aid programs and concepts are largely unsatisfactory and unsuited for our needs and for the needs of the underdeveloped world as it enters the 1960s

2. The economic collapse of those free but less-developed nations which now stand poised between sustained growth and economic chaos would be disastrous to our national security, harmful to our comparative prosperity, and offensive to our conscience.

3. There exists, in the 1960s, a historic opportunity for a major economic assistance effort by the free industrialized nations to move more than half the people of the less-developed nations into self-sustained economic growth, while the rest move substantially closer to the day when they, too, will no longer have to depend on outside assistance.

I

Foreign aid — America's unprecedented response to world challenges — has not been the work of one party or one administration. It has moved forward under the leadership of two great Presidents — Harry Truman and Dwight Eisenhower — and drawn its support from forward-looking members of both political parties in the Congress and throughout the nation.

Our first major foreign aid effort was an emergency program of relief—of food and clothing and shelter—to areas devastated by World War II. Next we embarked on the Marshall Plan—a towering and successful program to rebuild the economies of Western Europe and prevent a Communist takeover. This was followed by point 4 — an effort to make scientific aid and technological advances available to the people of developing nations. And recently the concept of development assistance, coupled with the OECD [Organization for Economic Cooperation and Development], has opened the door to a united free world effort to assist the economic and social development of the less-developed areas of the world.

To achieve this new goal we will need to renew the spirit of common effort which lay behind our past efforts — we must also revise our foreign aid organization, and our basic concepts of operation to meet the new problems which now confront us.

For no objective supporter of foreign aid can be satisfied with the existing program — actually a multiplicity of programs. Bureaucratically fragmented, awkward and slow, its administration is diffused over a haphazard and irrational structure covering at least four departments and several other agencies. The program is based on a series of legislative measures and administrative procedures conceived at different times and for different purposes, many of them now obsolete, inconsistent, and unduly rigid and thus unsuited for our present needs and purposes. Its weaknesses have begun to undermine confidence in our effort both here and abroad.

The program requires a highly professional skilled service, attracting substantial numbers of high-caliber men and women capable of sensitively dealing with other governments, and with a deep understanding of the process of economic development. However, uncertainty and declining public prestige have all contributed to a fall in the morale and efficiency of those employees in the field and are repeatedly frustrated by the delays and confusion caused by overlapping agency jurisdictions and unclear objectives. Only the persistent efforts of those dedicated and hard-working public servants, who have kept the program going, managed to bring some success to our efforts overseas.

In addition, uneven and undependable short-term financing has weakened the incentive for the long-term planning and self-help by the recipient nations which are essential to serious economic development. The lack of stability and continuity in the program — the necessity to accommodate all planning to a yearly deadline — when combined with a confusing multiplicity of American aid agencies within a single nation abroad — have reduced the effectiveness of our own assistance and made more difficult the task of setting realistic targets and sound standards. Piecemeal projects, hastily designed to match the rhythm of the fiscal year, are no substitute

for orderly long-term planning. The ability to make long-range commitments has enabled the Soviet Union to use its aid program to make developing nations economically dependent on Russian support — thus advancing the aims of world communism.

Although our aid programs have helped to avoid economic chaos and collapse, and assisted many nations to maintain their independence and freedom — nevertheless, it is a fact that many of the nations we are helping are not much nearer sustained economic growth than they were when our aid operation began. Money spent to meet crisis situations or short-term political objectives while helping to maintain national integrity and independence has rarely moved the recipient nation toward greater economic stability.

II

In the face of these weaknesses and inadequacies — and with the beginning of a new decade of new problems — it is proper that we draw back and ask with candor a fundamental question: Is a foreign aid program really necessary? Why should we not lay down this burden which our nation has now carried for some fifteen years?

The answer is that there is no escaping our obligations: our moral obligations as a wise leader and good neighbor in the interdependent community of free nations — our economic obligations as the wealthiest people in a world of largely poor people, as a nation no longer dependent on the loans from abroad that once helped to develop our own economy — and our political obligations as the single largest counter to the adversaries of freedom.

To fail to meet those obligations now would be disastrous; and, in the long run, more expensive. For widespread poverty and chaos lead to a collapse of existing political and social structures, which would inevitably invite the advance of totalitarianism into every weak and unstable area. Thus our own security would be endangered and our prosperity imperiled. A program of assistance to the underdeveloped nations must continue because the nation's interest and the cause of political freedom require it.

We live at a very special moment in history. The whole southern half of the world — Latin America, Africa, the Middle East, and Asia — are caught up in the adventures of asserting independence and modernizing their old ways of life. These new nations need aid in loans and technical assistance just as we in the northern half of the world drew successively on one another's capital and know-how as we moved into industrialization and regular growth.

But in our time these new nations need help for a special reason. Without exception they are under Communist pressure. In many cases, the pressure is direct and military. In others, it takes the form of intense subversive activity designed to break down and supersede the new — and often frail — modern institutions they have thus far built.

But the fundamental task of our foreign aid program in the 1960s is not negatively to fight communism: Its fundamental task is to help make a historical demonstration that in the 20th century, as in the 19th — in the southern half of the globe as in the north — economic growth and political democracy can develop hand in hand.

In short we have not only obligations to fulfill; we have great opportunities to realize. We are, I am convinced, on the threshold of a truly united and major effort by the free industrialized nations to assist the less-developed nations on a long-term basis. Many of these less-developed nations are on the threshold of achieving sufficient economic, social, and political strength and self-sustained growth to stand permanently on their own feet. The 1960s can be — and must be — the crucial "decade of development" — the period when many less-developed nations make the transition into self-sustained growth — the period in which an enlarged community of free, stable, and self-reliant nations can reduce world tensions and insecurity. This goal is in our grasp if, and only if, the other industrialized nations now join us in developing with the recipients a set of commonly agreed criteria, a set of long-range goals, and a common undertaking to meet those goals, in which each nation's contribution is related to the contributions of others and to the precise needs of each less-developed nation. Our job, in its largest sense, is to create a new partnership between the northern and southern halves of the world, to which all free nations can contribute, in which each free nation must assume a responsibility proportional to its means.

We must unite the free industrialized nations in a common effort to help those nations within reach of stable growth get underway. And the foundation for this unity has already been laid by the creation of the OECD under the leadership of President Eisenhower.

Such a unified effort will help launch the economies of the newly developing countries "into orbit" — bringing them to a stage of self-sustained growth when extraordinary outside assistance is not required. If this can be done — and I have every reason to hope it can be done — then this decade will be a significant one indeed in the history of free men.

But our success in achieving these goals, in creating an environment in which the energies of struggling peoples can be devoted to constructive purposes in the world community — and our success in enlisting a greater common effort toward this end on the part of other industrialized nations — depends to a large extent upon the scope and continuity of our own efforts. If we encourage recipient countries to dramatize a series of short-term crises as a basis for our aid — then we will dissipate our funds, our good will and our leadership. Nor will we be any nearer to either our security goals or to the end of the foreign aid burden.

In short, this Congress at this session must make possible a dramatic turning point in the troubled history of foreign aid to the underdeveloped world. We must say to the less-developed nations, if they are willing to undertake necessary internal reform and self-help — and to the other industrialized nations, if they are willing to undertake a much broader effort on a much broader scale — that we then intend during this coming decade of development to achieve a decisive turnaround in the fate of the less-developed world, looking toward the ultimate day when all nations can be self-reliant and when foreign aid will no longer be needed.

However, this will not be an easy task. The magnitude of the problems is staggering. In Latin America, for example, population growth is already threatening to outpace economic growth — and in some parts of the continent living standards are actually declining. In 1945 the population of our twenty sister American Republics was 145 million. It is now greater than that of the United States, and by the year 2000, less than forty years away, Latin American population will be 592 million, compared with 312 for the United States. Latin America will have to double its real income in the next thirty years simply to maintain already low standards of living. And the problems are no less serious or demanding in the other developing areas of the world. Thus to bring real economic progress to Latin America and to the rest of the less-developed world will require a sustained and united effort on the part of the Latin American Republics, the United States, and our free world allies.

This will require leadership, by this country in this year. And it will require a fresh approach — a more logical, efficient, and successful long-term plan — for American foreign aid. I strongly recommend to the Congress the enactment of such a plan, as contained in a measure to be sent shortly to the Congress and described below.

III

If our foreign aid funds are to be prudently and effectively used, we need a whole new set of basic concepts and principles:

1. Unified administration and operation — a single agency in Washington and the field, equipped with a flexible set of tools, in place of several competing and confusing aid units.

2. Country plans — a carefully thought through program tailored to meet the needs and the resource potential of each individual country, instead of a series of individual, unrelated projects. Frequently, in the past, our development goals and projects have not been undertaken as integral steps in a long-range economic development program.

3. Long-term planning and financing — the only way to make meaningful and economical commitments.

4. Special emphasis on development loans repayable in dollars — more conducive to business-like relations and mutual respect than sustaining grants or loans repaid in local currencies, although some instances of the latter are unavoidable.

5. Special attention to those nations most willing and able to mobilize their own resources, make necessary social and economic reforms, engage in long-range planning, and make the other efforts necessary if these are to reach the stage of self-sustaining growth.

6. Multilateral approach — a program and level of commitments designed to encourage and complement an increased effort by other industrialized nations.

7. A new agency with new personnel — drawing upon the most competent and dedicated career servants now in the field, and attracting the highest quality from every part of the nation.

8. Separation from military assistance — our program of aid to social and economic development

must be seen on its own merits, and judged in the light of its vital and distinctive contribution to our basic security needs.

IV

I propose that our separate and often confusing aid programs be integrated into a single administration embracing the present Washington and field operations of —

A. The International Cooperation Administration [ICA] and all its technical assistance [point 4] and other programs;

B. The Development Loan Fund [DLF];

C. The food-for-peace program [Public Law 480] in its relations with other countries, while also recognizing its essential role in our farm economy;

D. The local currency lending activities of the Export-Import Bank;

E. The Peace Corps, recognizing its distinctive contribution beyond the area of economic development;

F. The donation of nonagricultural surpluses from other national stockpiles of excess commodities or equipment;

G. All other related staff and program services now provided by the Department of State as well as the ICA.

The fieldwork in all these operations will be under the direction of a single mission chief in each country reporting to the American ambassador. This is intended to remove the difficulty which the aided countries and our own field personnel sometimes encounter in finding the proper channel of decision making. Similarly, central direction and final responsibility in Washington will be fixed in an administrator of a single agency — reporting directly to the Secretary of State and the President — working though Washington directors for each major geographical area, and through the directors of the constituent resource units whose functions are drawn together in each national plan: a development lending organization, food-for-peace, the Peace Corps, and a unit for technical and other assistance stressing education and human resources — initiating a program of research, development, and scientific evaluation to increase the effectiveness of our aid effort; and, in addition, the Secretary of State will coordinate with economic aid the military assistance program administered by the Department of Defense, the related operations of the Export-Import Bank, and the role of the United States in the Inter-American Fund for Social Progress and activities of international organizations.

Under the jurisdiction of both the Secretary of State in Washington and the ambassadors in the field, foreign aid can more effectively play its part as an effective instrument of our overall efforts for world peace and security. The concentration of responsibilities and increased status will both require and attract high-caliber personnel. Programs such as the Peace Corps and food-for-peace, far from being submerged, will be used more effectively and their distinctive identity and appeal preserved — and food-for-peace will continue to be based on availabilities determined by the Department of Agriculture.

But I am not proposing merely a reshuffling and relabeling of old agencies and their personnel without regard to their competence. I am recommending the replacement of these agencies with a new one — a fresh start under new leadership.

V

But new organization is not enough. We need a new working concept.

At the center of the new effort must be national development programs. It is essential that the developing nations set for themselves sensible targets; that these targets be based on balanced programs for their own economic, education, and social growth — programs which use their own resources to the maximum. If planning assistance is required, our own aid organization will be prepared to respond to requests for such assistance, along with the International Bank for Reconstruction and Development and other international and private institutions. Thus, the first requirement is that each recipient government seriously undertake to the best of its ability on its own those efforts of resource mobilization, self-help, and internal reform — including land reform, tax reform, and improved education and social justice — which its own development requires and which would increase its capacity to absorb external capital productively.

These national development programs — and the kind of assistance the free world provides — must be tailored to the recipients' current stage of development and their foreseeable potential. A large infusion of development capital cannot now be absorbed by

many nations newly emerging from a wholly underdeveloped condition. Their primary need at first will be the development of human resources, education, technical assistance, and the groundwork of basic facilities and institutions necessary for further growth. Other countries may possess the necessary human and material resources to move toward status as developing nations, but they need transitional assistance from the outside to enable them to mobilize those resources and move into the more advanced stage of development where loans can put them on their feet. Still others already have the capacity to absorb and effectively utilize substantial investment capital.

Finally, it will be necessary, for the time being, to provide grant assistance to those nations that are hard pressed by external or internal pressure so that they can meet those pressures and maintain their independence. In such cases it will be our objective to help them, as soon as circumstances permit, make the transition from instability and stagnation to growth; shifting our assistance as rapidly as possible from a grant to a development loan basis. For our new program should not be based merely on reaction to Communist threats or short-term crises. We have a positive interest in helping less-developed nations provide decent living standards for their people and achieve sufficient strength, self-respect, and independence to become self-reliant members of the community of nations. And thus our aid should be conditioned on the recipients' ability and willingness to take the steps necessary to reach that goal.

To meet the varied needs of many nations, the new aid administration will have a flexible set of tools, coordinated and shaped to fit each national development program: the grant or sale (for either local currency or dollars with special repayment terms) of surplus foods, equipment and other items; technical assistance; skilled manpower from the Peace Corps; development grants; transitional, sustaining, or emergency grants; development loans repayable in dollars, with special terms of repayment that will meet the needs of the recipient country. These tools will be coordinated with the activities of the Export-Import Bank, and with loan and investment guarantees to private enterprise.

The instrument of primary emphasis — the single most important tool — will be long-term development loans at low or no rates of interest, repayable in dollars, and designed to promote growth in those less-developed nations which have a real chance for ultimate self-reliance but which lack the ability to service loans from normal lending institutions. The terms of repayment will vary from as long as 50 years for those countries just starting on the road to development, to a much shorter period of time for those countries that are nearing the stage of self-sufficient growth.

Such long-term loans are preferable to outright grants, or "soft loans" repayable in local currencies that are of little benefit to the American taxpayer. The emphasis on low or interest-free loans is not designed to undercut other institutions. The objective is to rely on flexibility in the repayment period and the requirement of ultimate dollar repayment for insuring strict accountancy while meeting individual needs in an area not met by suppliers of capital on normal terms.

Lending on these terms is not normal banking practice. We are banking on the emergence over coming years and decades of a group of independent, growing, self-reliant nations.

VI

A program based on long-range plans instead of short-run crises cannot be financed on a short-term basis. Long-term authorization, planning, and financing are the key to the continuity and efficiency of the entire program. If we are unwilling to make such a long-term commitment, we cannot expect any increased response from other potential donors or any realistic planning from the recipient nations.

I recommend, therefore, an authorization for the new aid agency of not less than five years, with borrowing authority also for five years to commit and make dollar repayable loans within the limits spelled out below. No other step would be such a clear signal of our intentions to all the world. No other step would do more to eliminate the restrictions and confusion which have rendered the current foreign aid program so often ineffective. No other step would do more to help obtain the service of top-flight personnel. And in no other way can we encourage the less-developed nations to make a sustained national effort over a long-term period.

For, if we are to have a program designed to brighten the future, that program must have a future. Experience has shown that long-range needs cannot be met evenly and economically by a series of one-year programs. Close consultation and cooperation with the Congress and its committees will still be essential, including an annual review of the program.

And we will still need annual appropriations of those amounts needed to meet requirements for which dollar repayable loans would be unsuitable. These appropriations should be available until spent in order to avoid any wasteful rush to obligate funds at the end of a fiscal year.

The new continuity and flexibility this kind of long-term authority will bring cannot help but result in more productive criteria, a greater effort on the part of the developing nations, greater contributions from our more prosperous allies, more solid results, and real long-run economy to the taxpayers. The new emphasis on long-term plans and realistic targets will give both the Congress and the Executive a better basis for evaluating the validity of our expenditures and progress.

VII

A long-term program and borrowing authority, even though limited, will enable us to demonstrate the seriousness of our intentions to other potential donors and to the less-developed world. Over the next five years, the economic program here proposed, together with an expanded food-for-peace program as recommended in my agricultural messages, and project loans by the Export-Import Bank, will constitute direct U.S. economic assistance activity of considerable magnitude.

It will, however, take time to institute the new concepts and practices which are proposed. Thus, during this initial year, wile we will need to make the necessary long-term commitments for development lending, it is unnecessary to ask the Congress for any additional funding for this year's program.

Consequently, while the funds requested by my predecessor will be sharply shifted in terms of their use and purpose, I am asking the Congress for a total foreign aid budget of new obligational authority no greater than that requested in the rock-bottom budget previously submitted [$4 billion] despite the fact that the number of new nations needing assistance is constantly increasing, and, though increasing such authority for nonmilitary aid while reducing military assistance, this budget provides for a level of actual expenditures on nonmilitary aid no greater than reflected in the previous budget [$1.9 billion]. [These figures do not, of course, reflect Public Law 480 operations.]

In deciding on this program, I have also carefully considered its impact on our balance of payments. We are now putting maximum emphasis, in both our development lending and grant aid programs, on the procurement of goods and services of U.S. origin. As I pointed out in my message on the balance of payments, under present procedures not more than 20 percent of foreign economic aid expenditures will affect our balance of payments. This means that approximately $2 billion out of the requested $2.4 billion in economic aid will be spent directly for goods and services benefiting the American economy.

This is important. For not only do we have the highest gross national product, both total and per capita, of any country in the world, thus making clear both our obligations and our capacity to do our full part, but we are currently underutilizing our great economic capacity because of economic recession and slack. Less than 80 percent of our industrial capacity is now in use, and nearly 7 percent of our labor force is unemployed. Under these circumstances cutbacks in the foreign aid program would be felt not only in loss of economic progress and hope abroad but in loss of markets and income for business, labor, and agriculture at home.

In short, this program will not in whole or in part unbalance the previous budget in any fashion. Its impact on our balance of payments will be marginal. And its benefits for our domestic economy should not be overlooked.

The $4 billion previously requested for fiscal year 1962 will be reallocated under this new program as follows:

Military assistance will be reduced from the $1.8 billion requested to $1.6 billion, as discussed below.

Economic assistance, with a much greater portion going to development loans, a small increase in development grants, and a reduction in sustaining grants, will total $2.4 billion.

Of this $1.5 billion will be contained in the usual annual appropriation of new obligational authority to finance the part of the program that is not suitable for dollar development loans: grants for education, social progress and institutional development, the Peace Corps, and sustaining aid. Nine hundred million dollars will be available for long-term low or interest-free development loans to be repaid in dollars, financed through an authorization of public debt borrowing authority which would also provide no more than $1.6 billion for each of the succeeding four years. Also to

be made available for such loans under the new system of full coordination will be the unappropriated dollar funds now coming in repayment of the principal and interest on certain previous loans to foreign governments [Britain, the Economic Cooperation Administration, the Government and Relief in Occupied Areas, and others — but not the Export-Import Bank].

VIII

The economic programs I am recommending in this message cannot succeed without peace and order. A vital element toward such stability is assurance of military strength sufficient to protect the integrity of these emerging nations while they are advancing to higher and more adequate levels of social and economic well-being.

I shall therefore request the Congress to provide at this time $1.6 billion for provision of military assistance. This figure is the amount to meet the U.S. share in maintaining forces that already exist, and to honor firm existing commitments for the future.

I am frank to say that we cannot now say with precision whether this amount will meet the minimum level of military aid which our basic security policy might demand this year. The emergence of new crises or new conflicts may require us to make an even greater effort.

However, while I have mentioned in this message the amount to be allocated to military assistance, those funds, while coordinated with the policies of the new agency, will not be administered by it and should not be included in its appropriation. In order to make clear the peaceful and positive purposes of this program, to emphasize the new importance this administration places on economic and social development quite apart from security interests, and to make clear the relation between the military assistance program and those interests, I shall propose a separate authorization for military assistance with appropriations as part of the defense budget. Moreover, to the extent that world security conditions permit, military assistance will in the future more heavily emphasize the internal security, civil works, and economic growth of the nations thus aided. By this shift in emphasis, we mean no lessening of our determination to oppose local aggression wherever it may occur. We have demonstrated our will and ability to protect free world nations — if they so desire — from the type of external threat with which many of them are still confronted. We will not fall short on this.

IX

The levels of which this new program is based are the minimum resulting from a hard reappraisal of each type of assistance and the needs of the less-developed world. They demonstrate both to the less-developed nations and to the other industrialized nations that this country will meet its fair share of effort necessary to accomplish the desired objective, and their effort must be greater as well. These are the rock-bottom minimum of funds necessary to do the job. To provide less would be wasteful, perhaps more wasteful, than to provide more. Certainly it would be wasteful to the security interest of the free world.

But I am hopeful that the Congress will not provide less. Assistance to our fellow nations is a responsibility which has been willingly assumed and fashioned by two great Presidents in the past, one from each party — and it has been supported by the leaders of both parties in both Houses who recognized the importance of our obligations.

I believe the program which I have outlined is both a reasonable and sensible method of meeting those obligations as economically and effectively as possible. I strongly urge its enactment by the Congress in full awareness of the many eyes upon us — the eyes of other industrialized nations, awaiting our leadership for a stronger united effort — the eyes of our adversaries, awaiting the weakening of our resolve in this new area of international struggle — the eyes of the poorer peoples of the world, looking for hope and help, and needing an incentive to set realistic long-range goals — and, finally, the eyes of the American people, who are fully aware of their obligations to the sick, the poor, and the hungry, wherever they may live. Thus, without regard to party lines, we shall take this step not as Republicans or as Democrats but as leaders of the free world. It will both befit and benefit us to take this step boldly. For we are launching a decade of development on which will depend, substantially, the kind of world in which we and our children shall live.

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Supplementary Resources

The following website provide a wealth of information about aid, global development, and the global economy. Detailed statistics about countries, their economies, and their peoples can be found as well.

The World Bank: http://www.worldbank.org/

The International Monetary Fundhttp://www.imf.org/

The Organization for Economic Cooperation and Development: http://www.oecd.org

The Human Development Report: http://www.undp.org/hdr2001/

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